

MINUTES  
OF  
REGIONAL RESOURCE STEWARDSHIP COUNCIL MEETING

January 18, 2001  
Nashville, Tennessee

Present

1. Mr. Jimmy Barnett
2. Senator Roger Bedford, Jr.
  3. Mr. Lee Baker
  4. Mr. Austin Carroll
  5. Mr. Phil Comer
  6. Ms. Ann Coulter
7. Mr. Jim Creighton (Council Consultant)
  8. Mr. Karl Dudley
  9. Mr. Bill Forsyth
  10. Ms. Julie Hardin
11. Dr. Kathryn J. Jackson (DFO)
  12. Mr. Al Mann
  13. Mr. W. C. Nelson
  14. Ms. Elaine Patterson
  15. Mr. Bruce Shupp
16. Mayor Eddie L. Smith, Jr. (Council Chair)
  17. Dr. Stephen A. Smith
  18. Mr. Jim Sutphin
  19. Dr. Paul F. Teague

Absent

1. Mayor Thomas Griffith
2. Ms. Miles Mennell
3. Mr. Herman Morris, Jr.

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1. Transcript
2. Presentation by David Brown, America Outdoors
3. Presentation by Fred Alexander, Duke Power
4. Presentation by Jason Walls, Swain County Economic Development Commission

Approved by \_\_\_\_\_  
Chair

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REGIONAL RESOURCE STEWARDSHIP COUNCIL MEETING

JANUARY 18, 2001

LOCATION:

SHERATON NASHVILLE DOWNTOWN HOTEL  
623 UNION STREET  
NASHVILLE, TENNESSEE 37219

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1 REGIONAL RESOURCE STEWARDSHIP COUNCIL

2

3 MAYOR EDDIE L. SMITH, JR. (COUNCIL CHAIR)

4 SENATOR ROGER BEDFORD, JR.

5 MR. W. C. NELSON

6 MR. AL MANN

7 MAYOR THOMAS GRIFFITH

8 MR. BILL FORSYTH

9 MR. HERMAN MORRIS, JR.

10 MR. JIM SUTPHIN

11 MS. ELAINE PATTERSON

12 MR. LEE BAKER

13 MR. JIMMY BARNETT

14 MR. AUSTIN CARROLL

15 MR. KARL DUDLEY

16 MR. PHIL COMER

17 MS. ANN COULTER

18 MS. JULIE HARDIN

19 MS. MILES MENNELL

20 MR. BRUCE SHUPP

21 DR. STEPHEN A. SMITH

22 DR. PAUL F. TEAGUE

23

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1 TENNESSEE VALLEY AUTHORITY REPRESENTATIVE

2 KATE JACKSON, Ph.D  
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3 TENNESSEE VALLEY AUTHORITY  
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1 PROCEEDINGS

2 MAYOR EDDIE SMITH: Good morning.

3 Can we come to order, please?

4 Okay. We would like to thank all of  
5 you for being here this morning. And this is our  
6 first meeting of the year, as well as our first  
7 meeting where we will be getting reports from --  
8 recommendations from one of the subcommittees. The  
9 water quality committee will be making a report, and  
10 we will have Jim to do some details on that before  
11 we get into that.

12 I would like to ask Austin to maybe  
13 give us an update on what's going on with the  
14 legislation thing, and if we have anyone else who  
15 has something they would like to share with us at  
16 this time, they could do that.

17 MR. AUSTIN CARROLL: Our committee  
18 hasn't formally met, but I did get to talk with some  
19 of the members last night and talked with some other  
20 folks, so I'll give my perspective of an overview of  
21 where we are in terms of legislation with 107th  
22 Congress.

23 Of course, we have now a Republican  
24 Administration and Republican House and Senate. I  
25 think one of the things that could drive some things

1 in this Congress is that one of the main  
2 contributors to President Bush's campaign, and I  
3 understand he's very close to the CEO, is -- they  
4 are -- is a company by the name of Enron, so they  
5 are very much in favor of deregulation. They are a  
6 buyer and seller in the market. I don't think they  
7 even own any plants, but you could see some push to  
8 break things open as far as deregulation from some  
9 folks like Enron.

10           However, with what's going on in  
11 California, I would think that purely a deregulation  
12 bill this year would be dead on arrival. However,  
13 we may see an Energy Policy Bill this year, and it  
14 could have some things -- provisions in it which  
15 could look like deregulation. And I really think  
16 that we do need an Energy Policy Bill in this  
17 company because of some things that are going on as  
18 far as natural gas and energy prices and those kinds  
19 of things. So it probably would be good to have an  
20 Energy Policy Bill but -- so we will have to watch  
21 what happens in an Energy Policy Bill because the  
22 provisions could be somewhat onerous like  
23 deregulation.

24           Last year, as you-all were aware,  
25 there was a bill introduced by Senator McConnell and

1 Senator Bunning which would have been -- it was  
2 called Save the TVA Ratepayers' Bill or something  
3 like that, which might actually have the contrary  
4 effect. One of the major tensions of that bill was  
5 that it would have permitted other power companies  
6 to sell inside the Tennessee Valley without allowing  
7 TVA to sell outside the Valley, and to me that would  
8 have a similar effect to what's happened to Pacific  
9 Gas & Electric in California where California was  
10 deregulated and they allowed prices to go to the  
11 market but they kept the amount that Pacific Gas &  
12 Electric could sell to their customers for, and as a  
13 result, I believe it -- I was told that Pacific Gas  
14 & Electric went into default yesterday or at least  
15 they are close to it financially. And, of course,  
16 you-all are aware that they are having rolling  
17 blackouts in California as of yesterday and today.

18           Back on the McConnell/Bunning bill,  
19 as far as this year, a couple of folks and myself  
20 had an opportunity to meet in Washington with their  
21 key staffers who work on energy a couple of weeks  
22 ago, and they seemed intent on introducing that bill  
23 again this year.

24           I had an opportunity to talk with  
25 Senator Bunning just briefly yesterday, he was in

1   Hopkinsville, and I asked him to not run that type  
2   of bill this year and he indicated that there was  
3   some intent on his part to do that anyway. I told  
4   him I didn't think it was that politically smart  
5   with what's going on in California and what's going  
6   on with natural gas prices, but we will just have to  
7   see how that works out. Senator Bunning, as I  
8   understood it, is now off the Senate Energy  
9   Committee and has gone to the Armed Services  
10  Committee, so that could have some effect as well.

11           There is another bill -- there was  
12  another bill that -- that was introduced or at least  
13  batted around some last year, and that was a bill by  
14  Senator Frist which would have expanded the TVA  
15  board to nine members. I think there's a good  
16  chance that bill will come back this year, and in my  
17  opinion, that bill could have some life. So that's  
18  about what I know in a nutshell, unless someone else  
19  would like to make some comments.

20           DR. STEPHEN SMITH: Austin, can I ask  
21  a clarifying question? Does TVPPA have a stated  
22  position about expanding the TVA board?

23           MR. AUSTIN CARROLL: No. We, as  
24  distributors, I think, feel like we need to stay out  
25  of that.



1           MAYOR EDDIE SMITH: Okay. Do we have  
2 anyone else who has anything that you heard that you  
3 would like to share with us briefly? If not, then  
4 we will move along with our agenda.

5           This being the first time that we  
6 will have the recommendations coming from the water  
7 quality subcommittee, I think it's appropriate that  
8 Jim review the process for how we will handle that,  
9 as well as review the agenda for today. So at this  
10 time we will ask Jim to do that.

11          MR. JIM CREIGHTON: Thank you, Eddie.

12 First of all, as a resident of California I took a  
13 good deal of grief last night, but as a neutral  
14 facilitator I want to make it clear, I did not cause  
15 the outage this morning. This is not hardball, this  
16 is somebody else who ran into a power pole.

17          This is our first time for dealing  
18 with recommendations from subcommittees, so I wanted  
19 to review some of the thought process that went into  
20 today's procedure and ask you to kind of look at how  
21 today goes and we may want to revisit how we're  
22 handling it. I'm open to any of your suggestions on  
23 procedures here. And if we don't have anything  
24 written up, if you decide we need to write something  
25 up, let us know, but here's the thinking that went

1 in today.

2 Kind of some fundamentals we had to  
3 deal with, one, and this is kind of an alert for --  
4 particularly for subcommittees that are still to  
5 come, first, if you're going to bring an item before  
6 the Council we do need to at least have the title of  
7 the item in the Federal Register. And that means  
8 about 30 days beforehand we need to know that -- we  
9 don't have to have the exact wording, but we do have  
10 to say that the topic will be on the agenda.

11 And the way the agenda has been set  
12 now is I take the first cut at it by phoning around  
13 and talking to the subcommittee liaison people, the  
14 TVA people who are liaisons. So as long as they  
15 know you're planning to bring a topic, I will get  
16 the alert on that. Then I draft up an agenda, then  
17 Eddie sees it, and it goes through the whole  
18 rigmarole. So as long as your liaison person knows  
19 you plan to bring up a topic about -- knows that  
20 about 30 days ahead of time, we're in good shape.

21 Second of all, you need to allow time  
22 to get the recommendation out to committee members  
23 in time for them to read it beforehand, just as a  
24 courtesy. We managed -- you managed to get it about  
25 a week this time, whatever, a week, two weeks,

1 whatever you can do, but allow time not for just  
2 getting it to TVA, if you're having TVA do the  
3 distribution, allow them a little time to get it  
4 out.

5           Third, if you're a subcommittee you  
6 need to do some thinking about what factual  
7 information the Council is going to want in front of  
8 it in order to be able to answer questions. So if  
9 you just think about it in terms of, are they going  
10 to want to know environmental impacts, are they  
11 going to want to know physical impacts, are they  
12 going to want to know operationally how it changes,  
13 whatever you think they might want to know, try to  
14 anticipate that because, otherwise, what might  
15 happen is you bring it to the Council, that  
16 information isn't available, and it's going to get  
17 deferred to another meeting because people are not  
18 comfortable making a decision until they get it.

19           So we're kind of leaving the  
20 responsibility for now on you, the subcommittees,  
21 and your TVA liaison. So if you need information  
22 and you need TVA to do something, if you need  
23 outside expertise, whatever it is, you have got to  
24 take responsibility and make it happen because,  
25 otherwise, you may find you get in front of the

1 Council and the Council is not ready to make a  
2 decision because there's a big chunk of information  
3 that's still out.

4 Fourth, as part of the Charter, this  
5 is a -- this is chartered under the Federal Advisory  
6 Committee Act and the public does have the  
7 opportunity to comment under that Act, so we have to  
8 provide for a public comment period, and this  
9 morning we have it planned for approximately 11:00.  
10 And let me describe kind of -- in a minute I'll  
11 describe where it fits in the whole thing.

12 The fifth point, before I go to the  
13 specific procedures, is just a reminder that the  
14 groundrules we adopted in the first meeting were  
15 that we would attempt to make decisions by  
16 consensus, and that didn't mean that everybody was  
17 equally enthusiastic. Some might be just going  
18 along with it because it's the best deal they think  
19 they are ever going to get, but it doesn't mean we  
20 take a majority vote and charge on.

21 And the reason is two-fold, both from  
22 TVA's perspective and from the Council's  
23 perspective. From TVA's perspective, if you give  
24 the majority vote you've just handed them a hot  
25 potato. They are no better off being handed a

1 majority vote, they are still going to offend

2 somebody no matter what they decide.

3           From your perspective I can also tell

4 you that if you come in with a consensus, given the

5 organizations and the interests you represent, if

6 you come in with a consensus you have considerably

7 more impact than if it's -- a majority vote could

8 just be an artifact of how the committee got set up,

9 but if you come in with a consensus it has that much

10 more clout in TVA, it's that much more impressive.

11 Also, from their point of view, if they embrace it

12 they have a winner, they don't have a major

13 dissidence. So just be aware as we get into it this

14 afternoon that we're trying to come up with

15 something we can agree on. Some may agree

16 enthusiastically and some may agree grudgingly.

17           MR. AL MANN: What if we can't, then

18 we have to vote?

19           MR. JIM CREIGHTON: If we can't, then

20 we reach to try to -- according to our groundrules,

21 we then try to reach a consensus on how we're going

22 to handle it, are there additional facts we want --

23 we could by consensus, I suppose, decide to vote,

24 but from TVA's perspective, I assure you, just

25 handing them off a majority vote doesn't buy you

1 much, so I think we need to try.

2 I can tell you -- I think I may have  
3 shared when we set the groundrules an experience I  
4 had where the first recommendation that another  
5 advisory group was dealing with had to do with  
6 supplying power for people who couldn't afford it,  
7 and there was one member of the Council who was  
8 hanging in that the utility ought to do something  
9 about it. Everybody else in that particular Council  
10 said it's not the utility's business. We're not an  
11 welfare agency, we're a power company. They hung in  
12 and talked and talked and talked, and out of that  
13 came the -- finally somebody said, well, you know,  
14 it's the principle of the thing, I wouldn't mind  
15 putting in a buck myself every month if -- to pay  
16 for it, but the company shouldn't have to pay for  
17 it, and that grew into about what 50 or 60 percent  
18 of the utilities in the United States have now,  
19 which is a checkoff thing on your power bill that  
20 you can add a dollar to your bill that goes into a  
21 pool for people who -- and it really grew out of  
22 that one utility that hung in a few minutes longer  
23 trying to deal with the minority viewpoint.

24 So I will encourage you, if I have to  
25 I will use up a few chips trying to get you to hang

1 in and deal with it, but if in the final analysis we  
2 can't, then we have to decide then what we're going  
3 to do about it. That will be your decision.

4 Does that deal with it as well as I  
5 can for the moment?

6 MR. AL MANN: Uh-huh.

7 MR. JIM CREIGHTON: And it's going to  
8 be hard to anticipate how much time it takes to get  
9 to consensus. So when we get into this kind of item  
10 on the agenda, this is our best guess, but we're  
11 going to have to play it a little bit by ear because  
12 getting a consensus is not always -- it can be a  
13 time-consuming process.

14 The recommendation to TVA does need  
15 to be in writing. So what happens is if a  
16 subcommittee comes forward and brings a  
17 recommendation and changes get made in the  
18 discussion, we reach an agreement but to get the  
19 agreement some changes were made, the subcommittee  
20 chair needs to take responsibility for getting those  
21 changes made before it goes to TVA. TVA needs a  
22 written recommendation. If you want to work with  
23 Eddie and I to help on that, however you want to do  
24 it, but we do need to pass it on to TVA in written  
25 form.

1           On today's agenda, we, first of all,  
2 have some presentations that have -- they were kind  
3 of left over from previous meetings, some topics the  
4 Council identified they wanted to talk about related  
5 to instream flows and recreation issues and physical  
6 issues related to lake levels and so on.

7           Then after the break the water  
8 quality subcommittee will present its report and its  
9 recommendations and so on. Basically what we're  
10 trying to do is have three phases for this. Phase  
11 one will be the presentation by the subcommittee,  
12 and that's the subcommittee's to handle. I'll pass  
13 it off to the subcommittee chair, and in this case,  
14 he will be responsible for doing what that committee  
15 wants to do to get it presented.

16           Now, I am going to ask that if  
17 Council members have questions of the subcommittee  
18 that they ask them during this first period,  
19 particularly if you have questions of TVA, factual  
20 questions, background questions, so forth, that you  
21 ask them during this period.

22           And the reason being is the third  
23 period, which is the deliberation, we're trying to  
24 set up so that it's strictly a Council deliberation.  
25 TVA doesn't want to be in a position where it



1 appears to be trying to influence the position.  
2 From experience I can tell you, once you start  
3 answering questions it's very easy to kind of get  
4 sucked into the discussion and pretty soon you  
5 become part of the discussion. So I encourage you  
6 during the first period to ask whatever questions  
7 you have factually.

8            Subcommittee chairs, if you have  
9 subcommittee members who are not Council members  
10 that you wish to participate in your presentation,  
11 that will be up to you to call on them. That's your  
12 period to do it however you want to do it. So  
13 that's the presentation, questions from Council  
14 members, questions from -- of TVA from Council  
15 members.

16            The second period will be the public  
17 comment period, and it's the only public comment  
18 period that we have today. So it may be addressing  
19 the subcommittee, but we may be getting some  
20 comments from the public related to other topics.  
21 It is the only time period we have, and so on.

22            If the public has questions about the  
23 subcommittee's recommendations, I would ask you to  
24 bring them up during that period, and we will let  
25 the subcommittee respond as it chooses to during

1 that time.

2            Depending on how many people want to  
3 talk and how much time we have, and so on, I may put  
4 time limits -- we have been running around four  
5 minutes to five minutes for a presentation. Just be  
6 alerted that if you're coming in with a 30-minute  
7 presentation we may ask you to give us a synopsis or  
8 we will ask you to give us five minutes and if  
9 there's more time at the end finish the rest of the  
10 presentation or something like that.

11           After lunch we will now have Council  
12 deliberations, and that's kind of free form. We  
13 will do what we need to do to try to reach a  
14 consensus.

15           Then we have one additional topic  
16 here that somebody mentioned to me, Kate, Kate Marx,  
17 you mentioned an additional topic that I didn't have  
18 on my agenda here.

19           DR. KATE JACKSON: The question that  
20 was asked at the last Council meeting, which was how  
21 do we deal with this issue of hydro preference and  
22 how does that rate structure work, we're going to  
23 have a very short response to that question just to  
24 make sure everybody understands.

25           MR. PHIL COMER: What's the question,

1 Kate?

2 DR. KATE JACKSON: Hydro preference,  
3 how does it work, does it work, is it there, that  
4 kind of thing.

5 MR. JIM CREIGHTON: And we also have  
6 a presentation on a new topic requested by the water  
7 quality subcommittee from Jack Gordon from  
8 Technological University. Then we'll have  
9 subcommittee reports, quick around the room, what's  
10 happening in the subcommittees, talk about topics  
11 for the next meeting, that sort of thing.

12 Any questions on kind of the  
13 procedures we're going to follow?

14 Again, I ask you, kind of watch them,  
15 and if you see kinks and problems and so on, make a  
16 note. This is our dry run and we can fix it however  
17 we want, but this is my recommendation for where we  
18 start.

19 MAYOR EDDIE SMITH: Okay. Thank you,  
20 Jim. We do have a couple of presentations to make  
21 this morning, as Jim has already mentioned. Our  
22 first presentation is by David Brown, the Executive  
23 Director of American Outdoors.

24 Mr. Brown, are you ready?

25 MR. DAVID BROWN: Yes.

1           MAYOR EDDIE SMITH: Thank you very  
2 much.

3           MR. DAVID BROWN: We're going to test  
4 this technology this morning. I think we've got it  
5 working. I appreciate this opportunity to talk with  
6 you today about instream flows downstream of TVA  
7 projects. We have a long history of working with  
8 TVA at various levels to provide river recreation in  
9 the Tennessee Valley.

10           My goal today is to talk to you a  
11 little bit about the status of those opportunities  
12 and their importance to some of these rural  
13 communities and then suggest some considerations  
14 that I would like to see the Council make.

15           First I want to talk -- give you a  
16 little description of America Outdoors and who we  
17 are, and we are -- we represent professional  
18 outfitters all over the country. We happen to be  
19 headquartered in Knoxville, Tennessee, but we have  
20 600 members that operate in 43 states and 50 foreign  
21 countries that provide a wide range of outdoor  
22 recreation experiences. We work at the national  
23 level primarily on recreation policy issues. Our  
24 members serve about 1.5 to 1.75 million people per  
25 year.

1 River recreation below TVA dams is a  
2 significant benefit and cannot be ignored in future  
3 changes to management of the reservoir system.  
4 Those primary recreation activities include  
5 canoeing, kayaking, rafting, fishing, particularly  
6 trout fishing, and they all have active  
7 constituents.

8 The prominent trout fisheries below  
9 TVA projects, and actually I have included some  
10 Alcoa projects in here, are the Holston River at  
11 Cherokee Dam, the Hiwassee River below the  
12 Appalachia project, the Clinch River below Norris  
13 Dam, the Watauga River below Wilbur Dam, the South  
14 Holston River below the South Holston Dam, the  
15 French Broad below Douglas Dam has an emerging trout  
16 fishery, and then we have the Alcoa projects on the  
17 little Tennessee River.

18 Reliable river recreation resources  
19 in the Tennessee Valley for paddle sports are rare,  
20 but they are heavily used. The popular whitewater  
21 recreation resources include the Ocoee River, the  
22 Nantahala, the Hiwassee River, the Watauga River,  
23 and the Nolichucky River. Now, not all of these  
24 projects -- not all of these stretches of whitewater  
25 are below TVA dams, and I will explain that here in

1 a few minutes.

2           There are approximately 600,000  
3 visits just for paddling to these 36 miles of river  
4 in the Tennessee Valley each year. In order for  
5 these recreation opportunities to be of value they  
6 have to be reliable, it's similar to your situation  
7 on the lakes. Recreationists make plans weeks in  
8 advance and drive hundreds of miles to visit these  
9 resources. They have to have a reasonable  
10 expectation of finding desirable recreation  
11 conditions in order to make these travel plans.  
12 This is particularly important for those  
13 recreationists using commercial outfitters because  
14 they have to put a deposit up months in advance  
15 which is nonrefundable.

16           There are four whitewater recreation  
17 resources below TVA dam. Only one of them has any  
18 long-term agreement. The middle Ocoee, which many  
19 of you know, has been running since 1977. There's a  
20 35-year contract between the State and TVA for water  
21 releases for 116 days per year. In this situation  
22 there was legislation passed that provided TVA with  
23 money, 6.4 million dollars, to pay for power losses  
24 over that 35-year period. One million went to the  
25 State into a trust fund for management. Users are

1 reimbursing the Treasury, but this is a scenario  
2 that's unlikely to be repeated.

3           There's no long-term agreement in  
4 place for the Hiwassee River below Appalachia, which  
5 is a State scenic river, the upper Ocoee, which was  
6 the site of the 1996 Olympic kayak competition, or  
7 the Watauga River below Wilbur Dam. Now, there have  
8 been varying levels of cooperation with TVA on those  
9 resources. So there is recreation occurring  
10 currently, and in some places it's working better  
11 than others.

12           But truthfully, as far as river  
13 recreation goes, our problems are not as significant  
14 as yours are on the lakes, but there are  
15 improvements that can be made. And I think the  
16 major point I want to make here today is that any  
17 revisions in the reservoir operations that affect  
18 these resources negatively obviously are going to  
19 create -- add to the conflict rather than reduce it,  
20 so they have to be considered in your deliberations.

21           To give you an example of the value  
22 of this recreation resource, I want to give a little  
23 history of the middle Ocoee. Now, this is the  
24 section of the river that's been running for years  
25 and it's very popular and well-known throughout the

1 country. As you may know, the original project was  
2 built in 1912. It's a diversion project. There's  
3 no reservoir on that project itself. The water is  
4 diverted by a diversion dam into a flume line that  
5 runs downstream four miles, and the flume line  
6 pretty much stays level, and then the water rushes  
7 down the penstocks into a powerhouse. The river  
8 declines, but the flume line only has a gradual  
9 descent. It's the only large box type wooden flume  
10 line diversion project used in modern power  
11 production in the U.S.

12 Now, mile for mile recreation on the  
13 Ocoee River is very prominent. It's the nation's  
14 most popular whitewater river, and again, releases  
15 are provided 116 days per year. In 2000 there were  
16 302,777 visits to the Ocoee, that includes the upper  
17 and the middle. Most of these visits were on the  
18 middle stretch of the river.

19 This is a chart of the use trends on  
20 the middle section of the Ocoee since it opened in  
21 1977. I don't have year 2000 in here. We actually  
22 went up a little in the year 2000. The yellow line  
23 are the customers and commercial rafting operations.  
24 The red line are the private boaters. That was just  
25 the middle stretch.



1           Now, this is the total Ocoee. Let me  
2 go back here. This is the whole section -- the  
3 whole Ocoee that's used for river recreation.  
4 Again, the two stretches, upper and middle. The  
5 middle has been running for over 25 years now, but  
6 the use -- when you combine the use on the middle  
7 and the upper, which has been available since 1995,  
8 you can see some gradual increase in use for both  
9 stretches. The Ocoee River has been an incredible  
10 asset to Polk County. Over \$3,000,000 in tax  
11 revenues have been paid to the county by outfitters  
12 since 1982.

13           Other interesting facts are that  
14 since it started running in 1977 there have been 3.6  
15 million -- over 3.6 million visits, 3.2 million for  
16 guided raft trips, and these are people from all  
17 over the country. Outfitters there currently pay  
18 fees to the state, TVA, and the county.  
19 Unfortunately, it has one of the highest fee burdens  
20 in the nation.

21           So the resources that are in need of  
22 long-term agreements, again, I am going to cover  
23 these and give you a little description of what  
24 would be helpful here, the upper Ocoee, as you know,  
25 was the site of the 1960 -- 1996 Olympic

1 competition. TVA, the Forest Service, and the State  
2 put about 20,000,000 into rebuilding the riverbed  
3 and developing a whitewater center, but there was no  
4 long-term agreement for water releases in the  
5 riverbed when that project was built. Again, it's  
6 another diversion project, so that when TVA operates  
7 the Ocoee No. 3 project, there's no water in the  
8 riverbed.

9           Currently TVA is requiring a \$7.50  
10 per head payment by rafting customers for water  
11 releases. On top of that the Forest Service -- the  
12 Forest Service, the county, and the state have fees.  
13 So the total fee burden on that stretch of river is  
14 about 35 percent of gross, it's not going to work.  
15 Even the TVA fee alone is enough to kill recreation  
16 up there because it's just not a profitable  
17 operation. Actually from '99 to 2000 use declined  
18 up there because of that.

19           It is a valuable resource, and part  
20 of the problem we have got on the middle stretch is  
21 that in a really heavily used Saturday you get 4,500  
22 to 5,000 crammed into four and a half miles of river  
23 on the middle stretch of the Ocoee. So we obviously  
24 need some additional capacity for this form of  
25 recreation.

1           See, the interesting thing about the  
2 unique value of the Ocoee is in the summer months,  
3 especially in the late summer months, it's the only  
4 reliable Class III and IV stretch of whitewater in  
5 the Southeast so that you have got -- it has a wide  
6 draw and has obviously created quite a bit of  
7 national regional attraction and economic value. So  
8 the long-term solution to the upper is not a lot.  
9 It's simply right now providing 22 days of releases  
10 during those heavily used weekends in the summer.

11           The Hiwassee River, the Appalachia  
12 power project affects the use of the Hiwassee River.  
13 This is a state scenic river. It's different from  
14 the Ocoee. It's a family class stretch of river,  
15 primarily Class II, very popular with canoe clubs,  
16 church groups, youth groups. Generally the  
17 situation there is okay when we have normal or wet  
18 rainfall. The problems occur during dry years when  
19 the releases become unreliable, especially in the  
20 fall and in the spring. Even in normal years the  
21 releases have not been completely reliable.

22           So the outfitters -- because of the  
23 series of dry years we have had the outfitters there  
24 are struggling to survive, and some of the use  
25 obviously has been negatively affected.

1           The river is -- this is also a very  
2 popular resource for trout fishermen. What's  
3 happened over the last few years actually to a lot  
4 of these resources, there are float fishing trips  
5 that are taking place, and some really remarkable  
6 trout fisheries have developed, and these western  
7 style McKenzie drift boats float down the river with  
8 folks fishing out of them. So it's a very popular  
9 thing, both for travelers and local fishermen.

10           The desired conditions on the  
11 Hiwassee are two turbines, 2,800 CFS, four hours a  
12 day in the spring and fall and eight hours a day  
13 throughout the summer. Again, this is not a great  
14 deal of change from what normally occurs there, it  
15 just needs to be more reliable.

16           The other resources below downstream  
17 of Wilbur Dam, the Watauga River, this resource  
18 probably has enjoyed the greatest amount of  
19 cooperation from TVA. Just a little tweaking here  
20 could make this resource much more valuable by  
21 providing the releases at 11:00, starting with one  
22 turbine, ramping up to two turbines, and then ending  
23 at 4:00 in the afternoon. Again, this is -- I think  
24 it's in Sullivan County that's downstream of the  
25 Watauga Dam, the larger lake up there on the Watauga

1 River, it's a very small project.

2           So I want to offer you some general  
3 principles for improving project operations. And  
4 again, I have stressed that river recreation is an  
5 important consideration, and I certainly want to  
6 work with one of the subcommittees here in having  
7 this issue considered in your report. So if you  
8 would help me identify who to be -- who to be  
9 working with, I would like to provide some written  
10 components for the report.

11           I do think what's happened, part of  
12 what the conflict is we have, our society has sort  
13 of adapted to these resources as geographical  
14 features and great places to live, work, and play,  
15 and probably TVA's management has not adapted as  
16 quickly as certainly those people who live, work,  
17 and play around the resources would like, although,  
18 they have certainly made some efforts to do so.

19           So I do think that we're going to  
20 have to have a multiple purpose perspective to these  
21 resources instead of a single purpose for power  
22 generation only perspective if we are ever going to  
23 resolve the conflicts we have now. I do think that  
24 the functioning of TVA's river system should remain  
25 intact and we shouldn't compromise it by diverting

1 other water to other watersheds, that's only going  
2 to aggravate the problem.

3           Let's see. I think I went the wrong  
4 way here. Secondly, I think that recreational  
5 benefits at TVA dams shouldn't be contingent upon  
6 reimbursement for lost power. Now, when the lake  
7 improvement program went into effect in 1990 and '91  
8 there was \$2,000,000 in power losses there, but  
9 recreational users were not required to reimburse  
10 the Agency for lost power. Of course, initially it  
11 came out of appropriated monies, but when  
12 appropriated funds dried up, TVA power system had to  
13 pay for those benefits.

14           Unfortunately we're -- we have to  
15 live by a different standard where TVA generally  
16 tells us we have to pay for the lost power if we  
17 receive recreational benefits. So I think we  
18 obviously need to be consistent in our application  
19 of that policy.

20           First of all, of course, the specific  
21 actions that I would like to recommend is the  
22 inclusion of downstream recreation into your  
23 considerations as I've already suggested, and I  
24 think we ought to have a comprehensive plan to  
25 recognize the existing valued uses of these

1 resources.

2           And I do think ultimately we need to  
3 support legislative action to authorize and codify  
4 these operations, and I don't mean changing the TVA  
5 Act or FERC -- relicensing of FERC projects, but I  
6 do think at some point this can protect TVA from the  
7 kind of, you know, constant revisions in reservoir  
8 operations if this group can reach consensus on a  
9 management strategy and then that somehow can be  
10 codified long-term and that will help to obviously  
11 avoid any continual conflicts with these issues.

12           Also, I would like to offer all of  
13 you an opportunity to participate in National River  
14 Cleanup week, May 12th through the 19th, 2001. We  
15 sent out free trash bags to clean up all across the  
16 country. So if you're interested, see me  
17 afterwards.

18           I do want, again, to thank you for  
19 this opportunity to offer my humble recommendations  
20 on this issue. I know you have got -- you have done  
21 a lot of good work, it's really a tough issue, and I  
22 know TVA is sort of torn between a lot of different  
23 forces here. So I just hope that we have a way to  
24 work together to resolve it to everybody's mutual  
25 benefit.

1 Thank you.

2 MAYOR EDDIE SMITH: Okay. Thank you,  
3 Mr. Brown. We have a few minutes here to receive  
4 questions. Steve has a question. Turn your cards  
5 up like this if you have questions.

6 DR. STEPHEN SMITH: Yeah. I would be  
7 curious -- you had mentioned in closing a little bit  
8 about FERC relicensing and that you thought that --  
9 my understanding is that whitewater enthusiasts have  
10 in many ways effectively used the FERC relicensing  
11 process for dams to gain releases and consistency  
12 and other things like that, but you tended to  
13 indicate you're -- you weren't interested in TVA  
14 being subject to the same requirements, and I'm just  
15 curious why you felt that --

16 MR. DAVID BROWN: I'm not saying that  
17 I'm totally opposed to that. I mean, that may  
18 ultimately be what happens. I think there's just  
19 less political support for that sort of thing to  
20 occur and, you know, there's some efforts in  
21 Congress actually to reverse some requirements under  
22 the Electric Consumers' Protection Act that provided  
23 equal consideration for recreation and fish and  
24 wildlife and, you know, I just -- I think -- my  
25 personal viewpoint is that it probably would be more



1 feasible to identify a package of legislative  
2 actions that authorize these projects for a wider  
3 range of benefits and specified management goals  
4 rather than, you know, try to repackage TVA under  
5 FERC or something like that might be less  
6 politically feasible.

7 I think all of that has to be done  
8 with consideration of the main stem of the  
9 Tennessee, because I don't think that there's going  
10 to be any political support for keeping lake levels  
11 up to October 1st unless there's some valid data out  
12 there that, you know, says that the Tennessee River  
13 system can operate that way and that the  
14 municipality industries in the Tennessee Valley can  
15 survive, water quality can be maintained, and until  
16 I think that's done any efforts are probably going  
17 to fall short, and, you know, you have got to  
18 accommodate all of these other uses in between.

19 DR. STEPHEN SMITH: I guess what I'm  
20 struggling here is to see how -- how do you envision  
21 that the whitewater enthusiasts are going to get the  
22 type of traction that they are going to need in all  
23 the different competing interests for water? I  
24 guess that's what you want to talk with the  
25 subcommittee about more but --

1           MR. DAVID BROWN: You know, I don't  
2 have the final answer on this. We're somewhat, I  
3 guess, new to this whole process, you know, we have  
4 just started participating in it, you know, I'm  
5 willing to consider any option. I just think that,  
6 you know, we ought to look at what's feasible. And  
7 I'm not one of those people that, you know, thinks  
8 that necessarily -- you know, is hostile to TVA's  
9 interest, you know, they may not always have done  
10 the right thing, but, you know, I think that we  
11 ought to look at what's politically feasible as well  
12 as what's possible, and we ought to try to keep it  
13 in the family, if possible.

14           MAYOR EDDIE SMITH: Paul?

15           DR. PAUL TEAGUE: Two questions. No.  
16 1, what's the bottom line as far as how much your  
17 proposals would affect loss from generation for  
18 electricity?

19           MR. DAVID BROWN: Well, generally I  
20 don't think it -- it would be very minimal. First  
21 of all, the changes are primarily a minor amount of  
22 adjustments on a couple of projects in the time of  
23 the releases. The only place where you're actually  
24 going to lose power is on the upper Ocoee for 22  
25 periods a year for, you know, a project -- a 45

1 megawatt project. So I think that's relatively, you  
2 know, in the scheme of things, very minor.

3           The entire Ocoee No. 2 operation was  
4 7/10 thousandths of TVA's generating capacity in  
5 1983. So given the fact that the nuclear units have  
6 come on line, 45 megawatt project off line for, you  
7 know, a very small number of days per year I don't  
8 think is going to have tremendous costs.

9           Let me say this about all -- you  
10 know, that issue. I do think that one of the issues  
11 that -- you know, it has to be addressed, that the  
12 other investor owned utilities are required by law  
13 to make these accommodations, and they are doing so.  
14 And I was at the -- spoke at the National Hydropower  
15 Association meeting, and one of the utility fellows  
16 said that, you know, you folks think that somehow  
17 you're going to get out of doing this, but -- you  
18 know, it's a competitive environment, but most major  
19 corporations operate in a competitive environment  
20 everyday and they have to do these sort of things.  
21 So I don't think we want to bankrupt the TVA system  
22 by any means, and I think we want to work with TVA  
23 to make sure this system works and provides as cheap  
24 power as possible, but it also takes care of the  
25 community in which these projects are located.

1 DR. PAUL TEAGUE: We need more than  
2 relativity here. As far as for us to make  
3 decisions, we need a dollar figure on what it would  
4 do.

5 MR. DAVID BROWN: We have actually  
6 tried to get -- you know, TVA has given us a bill  
7 every year, but we can't get the calculations from  
8 them. And, you know, I do know that generally the  
9 calculations in the past have included avoided costs  
10 and, you know, high prices for coal, et cetera. So  
11 I would like -- I agree with you, I would like to  
12 get the costs as well, and we have asked TVA for  
13 them. And I would like not only to get the cost but  
14 how it's calculated, and then I think we could make  
15 a valid statement on it.

16 DR. PAUL TEAGUE: Question No. 2 is,  
17 if there is a negative impact, how do you justify  
18 ratepayers, moms and pops across the valley  
19 subsidizing kayaking? Most of them can't even  
20 afford a Chevrolet secondhand.

21 MR. DAVID BROWN: Well, you know,  
22 what I'm saying is that I think the -- you know, I  
23 think that you could make the argument that the  
24 people of Polk County are subsidizing those  
25 ratepayers by having their resources developed for

1 exclusive use, and I don't think that we want to try  
2 to get into these political games. I mean, if  
3 that's the game you want to play we can, you know,  
4 do that too, but I think that we all ought to work  
5 together and try to provide reasonable benefits.  
6 We're not asking for very much at all and, you know,  
7 it's -- if it didn't have some value and the people  
8 weren't coming and interested in it, you know, we  
9 wouldn't be suggesting that, you know, these things  
10 get done.

11 DR. PAUL TEAGUE: Well, sir, this is  
12 not a political game, this is a game of reality, and  
13 it's a decision we have to make based on actual  
14 figures to determine what the impact is on these  
15 ratepayers because that is the only source of income  
16 that TVA presently has.

17 MR. DAVID BROWN: I understand. And  
18 we would be interested in getting that, too.

19 MAYOR EDDIE SMITH: Okay. Austin?

20 MR. AUSTIN CARROLL: Mr. Brown, I  
21 appreciate your presentation. I think it's very  
22 informative, and there are certainly things you  
23 pointed out there that need to be taken into  
24 consideration.

25 Back on the upper Ocoee, I'm having a

1 little bit of difficulty understanding how that  
2 works again there. You said there was a 7.50  
3 charge, that's per rafter that was put in up there,  
4 and that was put in when, and where is the loss of  
5 power, could you explain that just a little bit  
6 more?

7 MR. DAVID BROWN: Well, it's a  
8 diversion project, as you know, where the water is  
9 diverted around the riverbed. There's a small  
10 reservoir upstream, and water is verted at that  
11 reservoir through a tunnel or tube through the  
12 mountain and then goes down to the Ocoee No. 3 power  
13 project, which is about four miles downstream.

14 So the stretch of whitewater is  
15 between the dam and the power project, and it's --  
16 you know, that's where the Olympic course was built.  
17 It wasn't built -- it just wasn't feasible to have  
18 the Olympics in that middle stretch. So when the  
19 Olympics came up and some interest -- you know, that  
20 the kayak interests wanted the Olympics on the  
21 Ocoee, so they got support for that.

22 So now when TVA provides water there  
23 is that lost power, and currently the only way that  
24 TVA is willing to return water to the riverbed is  
25 for users to pay that 7.50 per head, but it's not

1 adequate to frankly reimburse TVA and TVA basically  
2 has increased -- it started out at, I think, at \$4  
3 or 3.50 and it's gone up to 7.50 because it's not  
4 adequate to reimburse -- the use level hasn't been  
5 adequate to reimburse the Agency for lost power.

6 Part of the problem is that it --  
7 because the price has to be adjusted to accommodate  
8 those high fees, it's not a competitive experience  
9 price-wise or it's not even profitable, and so the  
10 outfitters aren't encouraged to bring people up  
11 there if they can't, you know, make any money doing  
12 it.

13 MR. AUSTIN CARROLL: I may have  
14 gotten that mixed up with the middle Ocoee. Is  
15 there a fee on the middle?

16 MR. DAVID BROWN: Yes. It's to  
17 reimburse the Federal Treasury for the 7.4 million  
18 dollar appropriation that was passed by Congress in  
19 1983.

20 DR. KATE JACKSON: If I might, that  
21 appropriation was paid to TVA or appropriated to TVA  
22 to cover lost power costs, and now that money is  
23 coming back to TVA and TVA pays that back to the  
24 Treasury on the middle.

25 On the upper Ocoee we recognize that

1 we wanted to work with constituencies to see if  
2 there was an opportunity to -- and in early years  
3 subsidized that business to see if the outfitters  
4 could, in fact, develop that recreation business on  
5 the upper, recognizing that it's a little bit  
6 further away, recognizing it's a longer day, it's  
7 not quite as exciting a thrill ride, I guess, as the  
8 middle. I'm not a rafter, so I don't understand all  
9 of those things.

10           What we decided to do was to charge  
11 about \$3.25 a head for the first year, and then that  
12 would potentially go up depending upon the ability  
13 of the rafters to be able to develop what we  
14 contracted to be a growth increase of use on that  
15 part of the river. That growth has not happened,  
16 maybe for lots of reasons. We are in the third year  
17 of that sort of subsidized negotiated agreement.  
18 Part of that contract was if we were not seeing the  
19 level of increase of rafting days that we would have  
20 the right to renegotiate that contract because those  
21 rafters have not been there.

22           And the whole reason to do this is so  
23 that you can have a schedule so that these rafters  
24 can go out and advertise. I mean, you heard people  
25 come to the Council and talk at an earlier meeting



1 about the fact that out at Appalachia, because we  
2 don't have a schedule there, they can't advertise a  
3 year in advance or six months in advance and so you  
4 can't get people signed up. I mean, it's kind of a  
5 chicken or the egg thing.

6 Our costs have, in fact, not gone up.  
7 And the issue is as we move forward the plan was  
8 always for us to subsidize this early for economic  
9 development and that it should be self-financed  
10 later on, including power costs, including all of  
11 the other taxes and fees that need to be paid.

12 And we are now in the process of  
13 negotiating with those rafters on the upper to see  
14 if we can come up with some solution, is 20 days the  
15 right number, should it be fewer days, there are  
16 certain days where the middle is kind of blocked out  
17 because it is full of people and people need to go  
18 to the upper, should those overflow days be days  
19 that we schedule, and there are five or six of those  
20 in a year. So we're trying to come to a resolution  
21 that does not cost ratepayers but also allows them  
22 to continue to utilize that resource as they can.  
23 Our current practice is, you know, we want to move  
24 to a place where this business is self-financed.

25 MR. AUSTIN CARROLL: And the fee was

1 7.50 this year?

2 DR. KATE JACKSON: The fee to cover  
3 the costs based on what we think -- the rafters  
4 think the number of heads will be in the river based  
5 on our power costs today, looking forward our price  
6 would be 7.50. The price that we have charged up  
7 until now is not 7.50.

8 MR. DAVID BROWN: See, that's almost  
9 20 percent of gross, and I don't know of any  
10 seasonable business that can succeed starting off  
11 with something like that. That's just one off the  
12 problems with use -- you know, part of the reason  
13 use hasn't flourished there. You know, it's never  
14 going to be, I don't think, I will say this, because  
15 even the middle section surprised me, I don't think  
16 it will be as popular as the middle section ever,  
17 but it's still got some -- you know, certainly a  
18 very desirable trip. And if the price is right,  
19 it's even more desirable, but the higher the price  
20 goes, you know, the less desirable it gets.

21 MAYOR EDDIE SMITH: We have a couple  
22 more questions here we need to get to. Roger?

23 SENATOR ROGER BEDFORD: Mr. Chairman,  
24 I have just got -- I think he's answered most of  
25 them, but I want to make sure I understood Janet

1 (sic) and Mr. Brown correctly. The fee has just  
2 gone up to 7.50 to TVA, what are the local and state  
3 taxes that are charged?

4 MR. DAVID BROWN: The county is  
5 trying to get a ten percent tax. The State gets  
6 a -- they started that fee for state park entrance,  
7 and generally -- you know, I am not sure that they  
8 are going to charge this on the upper, but they're  
9 charging 50 cents a head on the middle section and I  
10 think they are going to charge that on the upper  
11 section too, and then the Forest Service wants a  
12 dollar a head.

13 SENATOR ROGER BEDFORD: What is the  
14 ten percent based on, the overall -- I mean, the  
15 number of people in the car or the raft?

16 MR. DAVID BROWN: It's ten percent of  
17 gross. It's ten percent -- it's a tax on the  
18 outfitters sort of in lieu of sales tax.

19 SENATOR ROGER BEDFORD: Ten percent  
20 of their gross sales then?

21 MR. DAVID BROWN: I think they  
22 generally deduct the TVA fee and then they charge  
23 ten percent of the cost of the raft trip.

24 SENATOR ROGER BEDFORD: Janet, you  
25 may have to help me with this one. You said there

1 was a \$2,000,000 power loss to TVA in 1990 when it  
2 was extended 30 days, what does that equate to in  
3 today's dollars and are these charges offsetting any  
4 significant portions of it?

5 DR. KATE JACKSON: That was an  
6 appropriated amount of money paid to TVA for the  
7 calculated lost power cost of holding the reservoir  
8 system up longer, the tributaries up longer into the  
9 fall.

10 MR. PHIL COMER: Two more months, not  
11 one month.

12 SENATOR ROGER BEDFORD: He said 30  
13 days, I thought. Well, the ratepayers are having to  
14 pay that now since it doesn't come out of  
15 appropriated dollars.

16 DR. KATE JACKSON: That's right.  
17 There is no cash that moves, but it's obviously a  
18 cost that the Agency is bearing, yes.

19 SENATOR ROGER BEDFORD: And just, if  
20 you know, what percentage of that -- let's just  
21 assume it's \$2,000,000 for the sake of this  
22 discussion, what percentage of that is offset by  
23 fees generated by the users, any, five percent, ten  
24 percent?

25 DR. KATE JACKSON: Zero. I mean,

1 yep, zero.

2 SENATOR ROGER BEDFORD: So the -- the  
3 taxpayers throughout the Valley continue to  
4 subsidize this recreational use of extending it 30  
5 more days for that business?

6 DR. KATE JACKSON: And, you know, the  
7 answer to your question about holding the tributary  
8 reservoirs up in the summer months, the answer is,  
9 yes, that, in fact, has nothing to do with the  
10 evaluations on the Ocoee.

11 SENATOR ROGER BEDFORD: So that's an  
12 additional cost beyond the \$2,000,000?

13 DR. KATE JACKSON: If we do not get  
14 reimbursed for the water that we lose while the  
15 rafters use that water, yes, it's an additional  
16 loss.

17 SENATOR ROGER BEDFORD: Thank you.

18 MR. DAVID BROWN: Currently they are  
19 getting reimbursed.

20 DR. KATE JACKSON: Currently we are  
21 getting reimbursed for a portion of that cost.

22 MR. DAVID BROWN: Pardon?

23 DR. KATE JACKSON: Currently we are  
24 getting reimbursed for a portion of that cost.

25 MR. DAVID BROWN: Well, you're

1 getting all of it on the middle section.

2 DR. KATE JACKSON: Absolutely.

3 MR. DAVID BROWN: And probably even

4 more, but you're getting reimbursed on the upper

5 Ocoee, I mean, they are charging for, you know, the

6 cost of lost power. Initially they didn't, but they

7 have increased the cost to try to recover it all

8 now.

9 SENATOR ROGER BEDFORD: Do they, in

10 fact, have enough user use to recover that cost on

11 the upper?

12 DR. KATE JACKSON: And that's the

13 issue that we are trying to work through as we work

14 through the negotiations with the outfitters. It's

15 problematic. I mean, that's a large amount of money

16 when you look at the Polk County fees and the TVA

17 loss of --

18 MR. DAVID BROWN: The other aspect of

19 this is they're tens of thousands of other users

20 that use these resources too that aren't paying

21 anything, you know, the kayakers, canoeist and

22 folks, and we are covering all of their costs.

23 MAYOR EDDIE SMITH: Okay. Phil?

24 MR. PHIL COMER: I have just one

25 quick question for Kate Jackson. In March of 1997

1 the TVA Board voted a four-year moratorium on lake  
2 level studies in order to devote that time to deal  
3 with deregulation, that was the reason given at the  
4 time, why did not that same four-year moratorium not  
5 apply to the Ocoee River? You have obviously been  
6 devoting a good bit of time studying this matter.

7 DR. KATE JACKSON: I believe that our  
8 agreement with the rafters, the outfitters was  
9 before that moratorium was placed. And so this was  
10 an economic development investment that was decided  
11 by the Board right about that time of the moratorium  
12 and we have just been proceeding with the agreements  
13 under that contract, as we have with every other  
14 lake study that has been in place.

15 So if someone would come back and  
16 talk to us about what the costs are as we manage  
17 that reservoir system as we had agreed to previous  
18 to the moratorium, we would still be in conversation  
19 with them. I mean, doing new studies, we would --  
20 we're not doing them.

21 MR. PHIL COMER: Thank you.

22 MAYOR EDDIE SMITH: W. C., did you  
23 have a question?

24 MR. W. C. NELSON: I just had one  
25 question. I was curious about what an average

1 rafter pays for the middle section and the upper  
2 section.

3 MR. DAVID BROWN: Well, it ranges,  
4 you know, depending on -- it's a very, very  
5 competitive situation. You can actually get a trip  
6 on the middle section for almost what you paid for  
7 it in 1980 now because of the competition there. So  
8 it ranges from -- you know, because of the use  
9 levels, I mean, there's a lot of use that's allowed,  
10 they don't cap use until you get 4,000 people a day.  
11 So the price ranges from somewhere of 20 to \$40 a  
12 day. An average, I think, is probably in the low  
13 30's.

14 MR. W. C. NELSON: Of that amount  
15 approximately 35 percent is paid to TVA and other  
16 governmental agencies?

17 MR. DAVID BROWN: No, that's on the  
18 upper stretch.

19 MR. W. C. NELSON: What about the  
20 middle stretch, nothing on it?

21 MR. DAVID BROWN: No. The middle  
22 has -- you know, I think -- what's the fee down  
23 there, a dollar and a half, something like that to  
24 TVA and ten percent to the county and 50 cents to  
25 the state. So it's -- in the past it's been as high



1 as 17 percent, but it's gone down since the payback  
2 is a little ahead of schedule, so TVA didn't -- was  
3 actually able to reduce the payback for lost power  
4 there.

5 MR. W. C. NELSON: So there's really  
6 no incentive for the outfitters to try to encourage  
7 people to go to the upper section because they --

8 MR. DAVID BROWN: That's right,  
9 unless it's just completely maxed out on the middle  
10 section at that point, yeah.

11 MR. W. C. NELSON: But power loss is  
12 on the middle section as well as the upper section?

13 MR. DAVID BROWN: Yes. Again,  
14 there's reimbursement.

15 MAYOR EDDIE SMITH: Okay. Thank you  
16 very much for your questions.

17 DR. STEPHEN SMITH: Two comments.  
18 One, I think we need to provide him a direction  
19 about which subcommittee he should be engaged with,  
20 because it sounds like there are some real issues  
21 here that we, as a Council, need to keep him and his  
22 constituency engaged, and I think we should take a  
23 moment here and agree on where to direct that so  
24 that we don't lose this important component.

25 The other thing that I would also

1 request is that -- and I would ask that maybe this  
2 be jointly done between TVA and your organization is  
3 there was a lot of numbers that were thrown around,  
4 and I don't know, somebody else may be able to  
5 absorb them quicker than I did, but I would actually  
6 like to see this in writing, maybe some sort of a  
7 flow chart to understand these things. I would like  
8 for it to be maybe jointly done by TVA and the  
9 groups of y'all so that y'all agree on exactly what  
10 it is, and then maybe we could get that in our  
11 packet so that we could actually be able to refer  
12 back to understanding -- in other words, what the  
13 outfitters see as the financial burden associated  
14 with, you know, carrying on this activity. And I  
15 would encourage you to include not only the TVA  
16 charges but also, like you said, a dollar for the  
17 Forest Service and X amount to the county  
18 government, state government, and all of that, it  
19 would be interested to see the burden that you are  
20 feeling up on that particular stretch and then  
21 understand how TVA sees this.

22 I mean, I don't know if we can get  
23 like a short summary of, in essence, the exchange  
24 that was going on that's sort of concise and easy to  
25 follow, I think that would be very useful to all of

1 us because I think this issue is something -- but I  
 2 would like to take a moment and just figure out, is  
 3 this integrated river management or is it --

4 MAYOR EDDIE SMITH: I would think so.  
 5 I think integrated river management would be where  
 6 it should go, unless someone thinks differently.

7 DR. PAUL TEAGUE: That was decided  
 8 two or three months ago. When we discussed it  
 9 originally we thought that was going to be on land  
 10 management, and the decision was made at that time  
 11 that that went to the integrated committee.

12 MAYOR EDDIE SMITH: Okay.

13 DR. STEPHEN SMITH: So hopefully  
 14 that's helpful to you. I guess Roger is not in the  
 15 room now, he's the chair.

16 MR. DAVID BROWN: Who is the person?

17 MAYOR EDDIE SMITH: Roger Bedford is  
 18 the chair.

19 MR. DAVID BROWN: Thank you.

20 MAYOR EDDIE SMITH: Does that take  
 21 care of the two issues you had?

22 DR. STEPHEN SMITH: Yes. I made the  
 23 request, and then, like I say, I encourage you to  
 24 get with Roger and other members of that  
 25 subcommittee and --

1           MR. DAVID BROWN: Is there another  
2 member of that subcommittee that's here?

3           MR. PHIL COMER: (Raises hand.)

4           MR. DAVID BROWN: Thank you. I  
5 assume you are doing this for the cost of the  
6 reservoir system, too, right, figuring what those  
7 costs are going to be, and, I mean, if you -- for  
8 the options, I'm just --

9           MAYOR EDDIE SMITH: All of the  
10 subcommittees have TVA officers working with them.  
11 I'm sure they will liaison back with whomever any  
12 TVA structure that would -- anyplace that you need  
13 to provide that information.

14          MR. BILL FORSYTH: We're asking that  
15 the costs and the economic benefits be waived on all  
16 of those issues.

17          MR. DAVID BROWN: The other thing I  
18 would like to see, if it's possible, is that the  
19 economic benefits of this recreation also be built  
20 into that study that is funded, the \$150,000 study  
21 that I think is funded -- was funded by Congress.

22           Am I imagining things here?

23           I thought there was a Congressional  
24 appropriation to pay for a study to determine the  
25 economic value sustaining lake levels.

1 MR. PHIL COMER: David, as I told you  
2 at breakfast this morning, that has nothing to do  
3 with this Council.

4 MR. DAVID BROWN: Oh, I see.

5 MR. PHIL COMER: That was a private  
6 Bill supported by Congressman Hilleary, Zach Wamp,  
7 Duncan, and Jenkins, and did not include this  
8 consideration because it was not requested back in  
9 September when that legislation was started, but  
10 that's a parallel effort not part of the Regional  
11 Resource Stewardship Council.

12 MR. DAVID BROWN: Okay.

13 MAYOR EDDIE SMITH: Okay. We thank  
14 you for your --

15 MR. AL MANN: How many members did  
16 you say America Outdoors consists of?

17 MR. DAVID BROWN: About 600.

18 MR. AL MANN: Do you have a  
19 publication?

20 MR. DAVID BROWN: Yes, I have one I  
21 can give you.

22 MAYOR EDDIE SMITH: Okay. Thank you  
23 very much. We need to kind of move on, if we don't  
24 have any more burning questions, so we can have  
25 adequate time for our next presenter. That person

1 is Mr. Fred Alexander with the Alexander District or  
2 the management of the Nantahala Power Lights.

3 Mr. Alexander, are you ready to go?

4 MR. FRED ALEXANDER: I'm ready.

5 MAYOR EDDIE SMITH: All right.

6 MR. FRED ALEXANDER: First of all,  
7 good morning ladies and gentlemen, I appreciate the  
8 opportunity to be here with you.

9 Over the past 20 years we have had a  
10 variety of experiences in Nantahala Power & Light,  
11 now Duke Power, in this area that you're interested  
12 in. I want to begin by telling you that I have long  
13 admired the TVA reservoir communications program and  
14 have shamelessly appropriated good ideas and phrases  
15 in my own work, and perhaps this is in some sense a  
16 kind of opportunity to return the favor.

17 Public recreation affected by  
18 hydroelectric projects on the Nantahala River bring  
19 us together today. The first recorded such event  
20 occurred in 1940 or '41. Two vacationing couples  
21 from Knoxville with two wooden canoes and one  
22 Scottish Terrier was enjoying a ride down the  
23 Nantahala River.

24 Rounding one of the many bends, they  
25 and their dog were plunged into the diversion tunnel

1 for Nantahala Dam. At the end of the tunnel, a  
2 young lineman first saw bits of canoe and then four  
3 shaken and bruised people emerge, followed by an  
4 apparently unhurt and still happy Terrier.

5         This first public and hydro project  
6 contact was considerably a surprise for the utility,  
7 required some changes to ensure public recreation  
8 and safety, and I'm sure left all participants and  
9 observers wondering what was going to happen next.

10         I will share with you some of the  
11 things that happened next. I would like to begin  
12 first with context, and I have given you a very  
13 small packet that includes a map so you can just see  
14 geographically where we're located. We're in  
15 Southwestern North Carolina. Our 1729 square mile  
16 area consists of mainly heavily forested, rugged  
17 mountains and valleys. The U.S. Forest Service,  
18 U.S. Park Service or other government agencies own  
19 over 51 percent of the land there.

20         Over half of the Great Smoky  
21 Mountains National Park is in Swain County, North  
22 Carolina. Two of the five counties we serve often  
23 vie with other each other in having the highest  
24 unemployment rate and the lowest per capita income  
25 in the State of North Carolina.

1           This area is also in the Little  
2 Tennessee River Basin. The two largest tributaries  
3 are the Nantahala and Tuckasegee Rivers. These are  
4 also the locations of our two largest hydro  
5 projects. If you lopped off the Pacific Northwest,  
6 the highest rainfall in the Continental United  
7 States would be in our area. That rainfall in the  
8 mountainous terrain are conducive to hydro  
9 developments and that resulted in Alcoa's interest  
10 in the area.

11           This led to the creation of Nantahala  
12 Power & Light in 1929 as a wholly owned subsidiary  
13 of Alcoa. That ownership continued until 1988 when  
14 Duke Power purchased all the LP&L stock from Alcoa.  
15 In the last 12 years NP&L has moved from being a  
16 wholly owned subsidiary to a division a few years  
17 ago and is now a fully integrated part of Duke  
18 Power.

19           The hydro electric projects affecting  
20 the flows of the Nantahala and Tuckasegee Rivers  
21 were built in the early '40s and 1950's. World War  
22 II accelerated the construction on the two largest.  
23 Three others were built during the Korean War and  
24 excess energy was sold to Alcoa for use in making  
25 aluminum for the war effort.



1           Apart from our run of the river  
2 plants purchased from smaller companies or towns,  
3 our plants were dispatched daily by TVA from the  
4 beginning, that's because agreements were made as a  
5 result of the construction of Fontana, and this  
6 arrangement continued for 40 years.

7           And I will share with you how I  
8 understand the operating priorities of those  
9 dispatch plants. TVA dispatched them between 1942  
10 and 1982 for flood control and, we assume, to  
11 maximize annual energy output, especially during the  
12 daily peak hours.

13          Between 1983 and 2000 NP&L dispatched  
14 those plants for the same reasons, flood control,  
15 maximizing the economic value of the plants, and as  
16 well for public recreation, and environmental  
17 concerns, which we all became aware of in the past  
18 few decades. Regarding the latter, we have minimum  
19 flows at all of the run of the river projects and  
20 several other locations as well. Lake levels are  
21 held during spawning seasons. Last year Duke Power  
22 began dispatching the plants essentially as we did.

23          A 1964 court case created a major  
24 change in our world. Taum Sauk, T-A-U-M, S-A-U-K,  
25 changed the definition of hydro plants requiring an

1 operating license from the Federal Government. This  
2 was from the Federal Energy Regulatory Commission or  
3 FERC. It went from plants that were on navigable  
4 rivers to include plants that were on tributaries of  
5 navigable rivers. Thus, we had to file for federal  
6 licenses for the first time.

7           Because of the huge backlog that this  
8 decision created, it was not until 1980 or '81 that  
9 25 year licenses were issued for our plants, and  
10 we're now going through the relicensing process for  
11 plants whose licenses expire in 2005 and 2006.

12           I might add that on the Nantahala  
13 River the license required that we pay -- be  
14 sensitive to downstream recreational needs, whatever  
15 that meant, we had to interpret that.

16           Historically we were wrong about one  
17 very important factor that has had a lot to do with  
18 how we considered the world in recent years. That  
19 first team at NP&L that began in 1929 and built  
20 those great dams in the '40s and '50s did not  
21 believe that the land around the reservoirs would be  
22 very desirable or valuable because of the  
23 significant lake level variations. For years there  
24 weren't that many people around those lakes, and  
25 almost all of them had either small summer cabins or

1 maybe just a little trailer.

2           Because these lakes were new and  
3 nutrient poor, the old timers of the company told me  
4 that they thought there wouldn't be much lake  
5 fishing either, and in those days in our neck of the  
6 woods most people fished from the banks. Because of  
7 the widely varying water levels and numerous rocks,  
8 wooden and later aluminum boots were used just a  
9 little bit in some specific areas.

10           But by the late 1950's some  
11 individual canoeists and summer camps began using  
12 the Nantahala River below our largest plant, also  
13 known as Nantahala. This was not an issue for NP&L  
14 because TVA, you will recall, dispatched those  
15 plants.

16           In 1971 our parent company, Alcoa,  
17 ceased purchasing surplus power from TVA and we  
18 began purchasing supplemental power from -- I'm  
19 sorry, they stopped purchasing supplemental power  
20 from us, and we began purchasing supplemental power  
21 from TVA. Our customers have outgrown the  
22 100-megawatt NP&L hydro system. Just for a sense of  
23 scale, Fontana alone is two and a half times bigger  
24 than everything we have got on a good day.

25           In 1973 our world changed forever. A

1 gentleman named Payson Kennedy gave up his job at  
2 Georgia Tech Library to begin the Nantahala Outdoor  
3 Center. Shortly thereafter the movie version of  
4 James Dickey's novel, Deliverance, spawned a  
5 national interest in whitewater sports, especially  
6 in the Southeast.

7           The culture, as Bill Forsyth can  
8 testify, that culture of that first wave of rafters  
9 and boaters on the Nantahala River was substantially  
10 different from that of rural mountain people. As a  
11 result, NP&L received numerous calls from customers  
12 seeking assurances that lake levels and power bills  
13 were not being impacted because we were, quote,  
14 running for the rafters, end quote. Those calls  
15 continue today periodically.

16           On a personal note, I began as the  
17 communications manager at NP&L in 1980, and by the  
18 Spring of 1981 I went to our president and said, I  
19 think we have a problem. We're all telling the  
20 truth when people ask about our operations and the  
21 interaction between lake level generation and  
22 downstream recreation, but the public gets a  
23 slightly different flavor when they talk to a plant  
24 operator, an engineer or other managers. I think it  
25 would be good if we had one person who got those

1 questions and prepared the answers so we would have  
2 a good record of what we said and also know at our  
3 headquarters what the public is asking about.

4           He leaned back in his chair and said,  
5 that's a good idea, you do it. So for 20 years I  
6 have been doing that. I was real careful about  
7 questions I brought to him from then on, too, by the  
8 way.

9           At first this job wasn't too hard. I  
10 went to meetings and explained that TVA dispatched  
11 the plants. About 125,000 people were reportedly  
12 going down the Nantahala River in the early 1980's.  
13 One of your employees told me years ago that over 90  
14 percent of the calls on a TVA 800 number related to  
15 the generating schedule at Nantahala plant.

16           The agreement that caused TVA to  
17 dispatch our plants expired on December 31st, 1982.  
18 The next day we began dispatching those plants for  
19 the first time. Your packet contains several little  
20 news clips that refer to that change.

21           The Asheville Citizen story on that  
22 change began, "The Tennessee Valley Authority  
23 paddled out of the Nantahala Gorge whitewater  
24 controversy last week, leaving Nantahala Power &  
25 Light to shoot the turbulent waters between rafters

1 and lake recreation enthusiasts." That was  
2 certainly true. The Knoxville News-Sentinel quoted  
3 TVA director David Freeman as saying, "We're out of  
4 that fight forever." You will see complete stories  
5 on that.

6           And quite frankly, there have been  
7 some turbulent waters that we have paddled together  
8 on that, although, it has been survivable. That's  
9 mainly because the Nantahala plant is able to  
10 generate almost 50 percent of the time under normal  
11 conditions.

12           With about 43 megawatts, it was the  
13 largest plant with the largest reservoir and  
14 excellent stream flow on average. Thus, we had a  
15 really happy confluence of events. Generation did  
16 become more predictable because we were dispatching  
17 them ourselves and needed that as essentially a  
18 baseload and that resolved the outfitters' biggest  
19 complaint.

20           Since most customers use the most  
21 power during daylight hours, the Nantahala plant  
22 needed to be on anyway. The rub was on weekends  
23 when demand is low. Our solution was to run  
24 Nantahala Plant on summer weekends at lower output  
25 for fewer hours instead of a combination of smaller

1 hydro projects.

2           Even during the drought of record  
3 that began in December of 1984 and went through  
4 February 1989, we ran Nantahala Plant, though with  
5 much fewer hours and much lower levels. This caused  
6 the outfitters to change their schedules, introduce  
7 smaller rafts to obtain better clearance among  
8 rocks, and sometimes passengers had to debark and  
9 pull their rafts across the high spots. Despite  
10 these inconveniences, public use of the Nantahala  
11 continued to grow. Other rivers without a hydro  
12 plant were simply too low to run at all, making this  
13 virtually the only show in the region.

14           Now, normal communication in those  
15 consisted of the following: An answering machine  
16 recording that provided our generating schedule,  
17 usually updated once a week. Also, I attended every  
18 meeting of the Nantahala Gorge Association by  
19 invitation and presented a projected update on plant  
20 operations and also told them about the stream flow  
21 into the lake.

22           Now, traditionally the association  
23 officers and I have had supper together so that we  
24 could discuss the issues prior to the meeting, and  
25 frankly, that led to friendships and mutual trust.

1 They understood that we could not and we would not  
2 voluntarily operate for the benefit of their  
3 business at the expense of our customers.

4 Further, they also developed a great  
5 concern about lake levels, realizing that they did  
6 not want conflict with the lake property owners who  
7 in our area are largely retirees who have time,  
8 money, and resources on their hands.

9 Finally, if I saw a letter to the  
10 editor or just heard in this small rural region of  
11 someone who had a misunderstanding about the  
12 relationship between plant operations, customer  
13 bills, and lake levels, I would call them up or go  
14 see them. Occasionally we would ask members of our  
15 senior management to meet with the group as well.

16 Another major change occurred in 1988  
17 when Duke Power purchased NP&L from Alcoa. Within  
18 three years we were interconnected with and  
19 purchasing supplemental power from Duke.  
20 Coincidentally, just after that Duke purchase the  
21 drought ended, giving us more water and more  
22 flexibility. And I have been explaining for, I  
23 guess, about 12 years now that Duke didn't do that,  
24 you know, that God did that, but there are a lot of  
25 people who don't believe that.



1           With the greater amount of water  
2 though, we did have more flexibility and it became  
3 easier to keep the lake levels above the threshold  
4 of pain, make power, and be on a schedule that  
5 happily coincided mainly with public recreation.

6           A drought in the early 1990's caused  
7 lower than average reservoir levels and a letter  
8 writing campaign by local homeowner associations.  
9 These went to the chairman of Duke and I got to  
10 answer them all. Local media used our news releases  
11 fortunately to explain our side of the situation,  
12 and our management met with concerned homeowners to  
13 assure them this was a drought and not a change in  
14 the norm. We received petitions. We responded to  
15 every petitioner for whom we could find an address  
16 and offered an explanation and also offered to  
17 provide more information if they were interested.

18          A rock slide in the Nantahala Dam  
19 spillway required us to lower the lake to stabilize  
20 the spillway wall. And we, again, informed every  
21 homeowner of what was going on and gave media tours  
22 so folks would be able to see pictures that showed  
23 the need.

24          Now, over time the outfitters and I  
25 began to understand each other's business needs even

1 better. And as result of that continuing dialogue,  
2 we slightly modified the generating schedule to  
3 improve the ride quality. We reduced the time of  
4 water that was being used for generation, and we  
5 increased the generation during periods of lower  
6 than average stream flow. Because we had to meet  
7 peak load requirements, the outfitters has to alter  
8 their schedules to back up to when we were meeting  
9 the peak.

10           The managers of the 16 or so  
11 outfitters with whom I work change regularly. So  
12 the constant in our relationship, quite frankly, is  
13 my presence and easy accessibility. As mentioned  
14 earlier, I attend all their monthly meetings. When  
15 we have an unexpected maintenance need and some  
16 timing options, I will discuss the decision with  
17 them. If it matters to them and not to us, we will  
18 adopt their recommendation. We understand the lead  
19 times they face because of the advanced  
20 registrations and also the difficulty of reaching  
21 customers that are actually in transit to recreation  
22 in our area.

23           Now, years ago when generation was  
24 low on big weekends during a drought, I would take  
25 my own children over just to see what it was really

1 like and I've sat in the put-in that we lease to  
2 outfitting companies to count the number going down  
3 on a given day just because there were some things I  
4 wanted to know firsthand.

5           During periods when everything seems  
6 okay, I will spend a day or so driving up and down  
7 the gorge talking to the outfitters and listening to  
8 visitors, and these missionary journeys, if you  
9 will, help maintain positive personal relationships,  
10 always bring me insight that I would not have had  
11 otherwise, and that seems to, again, foster that  
12 problem-solving and trust when we really need it.

13           Like an old boss of mine said one  
14 time, the time to make a friend is before you need  
15 one, and when the situation is extreme we test that  
16 relationship. That's when we're not sure the plant  
17 is going to be running on a 4th of July weekend or  
18 we absolutely know for sure it's not going to run on  
19 the last two weekends of the year when folks are  
20 looking at almost pure profit.

21           In that former case, uncertainty  
22 about a 4th of July, we had staffers from Congress  
23 and a U.S. Senator making inquiries. We responded  
24 with fax updates, almost blow-by-blow to outfitters,  
25 local elected officials, and others. We also had a

1 maintenance effort that I thought was both dedicated  
2 and truly inspired, and I made sure that the  
3 outfitters got that story as it rolled out hour by  
4 hour.

5           When the plant could not work during  
6 the last two good weekends of this past summer, we  
7 did something very unusual. We opened the spillway  
8 gates at the dam to provide public recreation. Now,  
9 this resulted in questions from the lake owners and  
10 some others but no serious complaints.

11           We made extensive use of the local  
12 media to state the problem, assure folks we were  
13 working on it and presented our alternative to  
14 provide some limited public recreational  
15 opportunity. We also pointed out that the  
16 whitewater industry is the largest employer in Swain  
17 County in the summer and a major attraction fueling  
18 other parts of the tourism economy.

19           You might ask, why are we doing all  
20 of this, just for good PR, the other -- the easy way  
21 out, I'm afraid not. Part of it is our perception  
22 of our need to meet a variety of Federal Energy  
23 Regulatory requirements. Part of it is because --  
24 well, I will get to that in just a minute, but more  
25 often than not I am the bearer of bad news,

1 curtailed hours, reduced generation or sudden  
2 changes beyond our control. What makes our efforts  
3 with all of these stakeholders workable is the  
4 mutual trust and the understanding built over time,  
5 and quite frankly, our management's willingness to  
6 search for flexibility where we have had  
7 longstanding practices.

8           We have also been motivated for the  
9 concern for our 60,000 customers. They are our  
10 friends, our neighbors, and our relatives. The  
11 largest engine in the regional economy in  
12 Southwestern North Carolina is tourism. Competition  
13 for tourism is greater than ever before.

14           Outdoor recreation, our regional  
15 forte, is a growing segment of tourism. Recreation  
16 of our lakes, and especially on the rivers  
17 downstream from our hydro projects, is a rapidly  
18 growing part of outdoor recreation.

19           Incidentally, the annual number of  
20 visitors going down the Nantahala River Gorge is  
21 over a quarter of a million, slightly over double  
22 since the early 1980's. I'm told now that this is  
23 the busiest stretch of river per mile in the nation.  
24 One single outfitter, The Nantahala Outdoor Center,  
25 is now the largest summer employer in Swain County.

1           Now, you may recall that I mentioned  
2 earlier a court case that required us to get federal  
3 operating licenses in the 1980's. In settling  
4 recreational issues in the original Nantahala  
5 license, we conducted a recreation satisfaction  
6 survey on the Nantahala River. As a result, the  
7 parties, including the power company and a variety  
8 of state and federal agencies, agreed to the  
9 following that's now part of the Nantahala Project  
10 license.

11           For downstream recreational purposes,  
12 606 cubic feet per second is the preferred  
13 acceptable flow that will accommodate downstream  
14 recreational activities. For short times a minimum  
15 threshold of 538 CFS can be tolerated. NP&L will  
16 provide flow for recreational activities, except  
17 during maintenance, emergencies or extended periods  
18 of drought.

19           And since we signed that final  
20 settlement agreement about three or four years ago,  
21 every year we have had a greater combination during  
22 the summer of maintenance emergencies and extended  
23 periods of drought.

24           In practice, if stream flow is  
25 average, there are few comments or complaints from

1 lake property owners or the people involved with  
2 downstream recreation. During the past three  
3 consecutive summers of drought, we have essentially  
4 shared with the outfitters the number of hours of  
5 generation available apart from peaking. They told  
6 us which hours could best serve the public. For  
7 example, with their strong support we reduced  
8 non-peak generation hours in May and June of last  
9 year so that we would have water for more in July  
10 and August.

11           Now, so far I have talked mainly  
12 about the Nantahala River. As you know, rivers are  
13 designated by levels of difficulty. The Nantahala  
14 has Class I and II rapids and maybe one Class III.  
15 Kids have to weigh 60 pounds to go with a commercial  
16 outfitter there.

17           The nearby Tuckasegee River is the  
18 equivalent of the bunny slope for skiers. Families  
19 use it with smaller kids and people who aren't quite  
20 sure they are ready for the Nantahala. It's also  
21 been described as the premier training river for  
22 kayakers in the Southeast. A number of colleges and  
23 universities within 150 miles regularly bring  
24 boating classes up. Obviously all of this is good  
25 for tourism today and in cultivating repeat visitors

1 for years to come.

2           During the past three summers that  
3 drought was over there, too. Natural stream flow  
4 and in the feeder stream was so low that you could  
5 walk across the riverbed without getting your feet  
6 wet. With normal stream flow the discharge from our  
7 plants upriver takes about five to seven hours to  
8 reach the greatest public use area. In a drought  
9 that can take up to 16 hours because of the friction  
10 caused by the stones and rocks and others things in  
11 the stream.

12           In meetings with the Tuskasegee  
13 outfitters we established a starting point, and  
14 quite frankly, we just recalibrated it as the summer  
15 got drier. Between June 1st and September 15th last  
16 year, however, we met recreational needs that we had  
17 agreed on in the Tuckasegee River 90 percent of the  
18 time. In addition, the levels of the two largest  
19 reservoirs in that area were within two feet of  
20 normal during that time of the year over 90 percent  
21 of the time.

22           Did we make everybody happy? No.  
23 Some thought that the lakes were too low. Some  
24 wanted water in other stretches of the river at  
25 different times. We explained that there simply



1 wasn't enough water to do both and we were committed  
2 to providing recreational water where the most  
3 people could use it.

4 Further, the three outfitters on the  
5 Tuckasegee and a local university recreation  
6 department formed an organization at our request,  
7 that was so we would know whoever we were talking to  
8 was speaking with one voice for all of them.

9 And what's in the future? Improved  
10 communications regarding lake levels and generating  
11 schedules. I'm impressed with the quality of the  
12 data the TVA website seems near real time. As we  
13 move through the federal relicensing process, we  
14 hear some organizations and individuals say that  
15 they may seek some traumatic changes in our future  
16 operations. Time will tell on that.

17 Given the potentials of relicensing  
18 and deregulation, now in the national news,  
19 sometimes we feel a bit like those two couples from  
20 Knoxville going through the diversion tunnel 60  
21 years ago. We're not certain of the future but  
22 we're very hopeful.

23 Thank you.

24 MAYOR EDDIE SMITH: Okay. Thank you  
25 very much, Mr. Alexander. Do you have any questions

1 for him? I don't see any at this time.

2 MR. BILL FORSYTH: Fred, do you have  
3 any estimation or figures on cost to y'all for  
4 recreation?

5 MR. FRED ALEXANDER: What we have  
6 done for mainly 20 years was no cost. These were  
7 things that we could just do to tweak. Because of  
8 some of the agreements that we are now involved in,  
9 there are some costs, but I will be honest with you,  
10 I don't know what the number would be. The  
11 difference between our situation and TVA's, I think,  
12 is that we are required by a federal agency to meet  
13 certain recreational needs, it's not an option.

14 Thank you.

15 MAYOR EDDIE SMITH: Okay. If we  
16 don't have any burning questions, we need to kind of  
17 move on to our next presenter so that we can stay on  
18 schedule, and the next presenter is Mr. Jason Walls  
19 from Swain County Economic Development.

20 MR. JASON WALLS: Good morning. It's  
21 a pleasure to be here this morning. And the first  
22 thing I would like to do is I would like to address  
23 your attention to a packet of information that I  
24 have passed out. The first sheet is a map entitled,  
25 Swain County Evaluation of Public Land Ownership.

1           What I want to do before I get into  
2 the presentation is just give you a visual picture  
3 of the county and how it stands. There will be some  
4 discrepancies as I go through this information today  
5 about percentages of private lands, we will call  
6 them, that are able to be taxed.

7           On this map it's represented as  
8 14 percent, and this is the actual tax data that we  
9 were able to collect. Further on in the  
10 presentation you will see a number of 18 percent,  
11 which doesn't take into account exempted properties,  
12 it kind of excludes exempted properties. So with no  
13 further ado, I'll try not to put anyone to sleep.  
14 And if I do, we'll call and get some pillows from  
15 housekeeping.

16          A real quick note about my  
17 background. I moved to Swain County in late  
18 February, and since then I have taken over the  
19 economic development and planning offices for that  
20 county. We look at a lot of -- a wide variety of  
21 things, anything from no dump of waste ordinances  
22 all the way to lake level issues to small business  
23 development to support of Nantahala River for  
24 generation, the Tuckasegee River for generation. We  
25 work real closely with Duke Energy. So I have an

1 interesting perspective on a lot of different issues  
2 that have been discussed at this Council.

3           The first thing I would like to do,  
4 as being the economic developer, I like to invite  
5 everyone I come in contact with to visit Swain  
6 County. We have a lovely county, and honestly, we  
7 would like your money. We have a lot of things to  
8 offer there, from outdoor recreation, from first  
9 class amenities and places to stay, things to do.  
10 Fine dining, I didn't realize that was there until I  
11 moved there, but we have some extremely good  
12 restaurants. We have great shopping and just much,  
13 much more.

14           My presentation is going to be made  
15 up of four different presentations in one, none of  
16 which will be real long because a lot of it has to  
17 do with numbers and presenting information. There's  
18 four different areas. One will be demographic  
19 information. Another one will be the land division  
20 aspect of things.

21           How is Swain County divided and of  
22 those federal partners how are they divided among  
23 Swain County and neighboring counties or even  
24 neighboring states?

25           The next part of the presentation

1 comes directly from a question posed by Dr. Stephen  
2 Smith in the -- I think it was the October meeting  
3 about how much money is paid to Swain County in lieu  
4 of taxes from federal entities and federal partners  
5 in the county. And the fourth area I will touch on  
6 only briefly is I want to give you an idea and a  
7 perspective on an Appalachian Economics Model of  
8 Development that Swain County is beginning to  
9 embrace and how that supported lake level or  
10 supported recommendations of economic benefits in a  
11 new study, or however it goes, can benefit Swain  
12 County.

13         Some basic demographic information  
14 with the county is there's an estimated population  
15 after this past Census of 12,861 residents in Swain  
16 County. These are full-time residents. However, in  
17 the summer months that number can actually jump up  
18 into the 16 or 17,000 range with part-time residents  
19 who have homes there but don't live there on a  
20 permanent basis. You can see below there the  
21 make-up of the different races of individuals we  
22 have in the county.

23         Another note, Swain County's current  
24 unemployment rate as of last week was 11 and 1/2  
25 percent. It was reported in a local newspaper to be

1 the highest in the State of North Carolina at 14.5.  
2 Their information was a little skewed, and we were  
3 able to prove that to them, and it's actually 11.5.  
4 So we're not quite the lowest in the State, but we  
5 are definitely one of the top.

6 Our medium buying income for a family  
7 of four or household of four is less than \$22,000 a  
8 year. An individual is less than -- almost \$15,000  
9 a year. Poverty rate is at 33.7 percent, which is  
10 almost 20 percent greater than the State average in  
11 all of North Carolina.

12 Now to get right into the land makeup  
13 in Swain County. We're made up of a lot of  
14 different federal entities, one of those being the  
15 Great Smoky Mountains National Park. The total  
16 acreage there as you can see is 217,451 acres or  
17 65 percent. TVA makes up two percent of that. The  
18 U.S. Forest Service, 6 and 1/2 percent. The  
19 Cherokee Indian Reservation at 8 and 1/2 percent.  
20 Private, here's a number of 18 percent, but does  
21 that take into consideration exempted properties.  
22 Some of those exempted properties are lands that  
23 are -- proposed lands that are placed in trust that  
24 we do not receive revenue from the Eastern Band of  
25 the Cherokees, churches or county owned property,

1 which we do -- which, of course, the county doesn't  
2 pay county property (sic) on what they own.

3           The next slide that I will offer is  
4 simply the same information in graphic form. You  
5 can see that the park makes up a vast majority of  
6 the land in Swain County. I kind of like to use  
7 kind of a mental picture of an Eagle with its wings  
8 spread wide. If you can imagine the wings, well,  
9 that's the Great Smoky Mountains National Park, and  
10 the private lands are the talons that are dangling,  
11 with other partners that make up the body.

12           The next part of the presentation is  
13 I would like to take a minute to show you how the  
14 land is broken up, because it's not all concentrated  
15 in Swain County; however, Swain County does play  
16 home for a majority of the lands. The Great Smoky  
17 Mountains National Park, for instance, total acreage  
18 you can see there is, you know, 521 and 1/2 thousand  
19 acres. Swain County itself has 217,451.41 is what's  
20 on the tax records that they own of Swain County  
21 property. Of course, Tennessee has greater of that,  
22 but it's broken up into a couple of different  
23 counties over there. Then, of course, the part  
24 that's also evident in Haywood County, which is not  
25 the neighboring county but it's close by.

1           Fontana Lake, which, of course, is  
2   what we're more interested in than a lot of the  
3   other information. The total acreage of that lake  
4   is 11,685 total acres, and of that in Swain County  
5   is 7,337 acres. Graham County makes up 4,348 acres.

6           The next up is Cherokee Indian  
7   Reservation. Almost 57,000 acres made up in five  
8   different counties, one of which is Mr. Forsyth's  
9   County, Cherokee County. Swain County, once again,  
10   is off the screen somewhat, but it makes up the  
11   largest portion of that at 29,466 acres of the  
12   reservation in Swain County, which is denoted well  
13   on your map that I handed out that it's in the front  
14   of your packet.

15          We went through that rather quickly,  
16   and I will entertain any questions at the end. So  
17   if you have any questions about individual slides,  
18   there should be some lines in the packet of  
19   information next to the slides, just kind of jot  
20   those down and we can address that.

21          The next information I want to talk  
22   about is Dr. Stephen Smith's question about payment  
23   in lieu of tax information. How much money does  
24   Swain County receive in lieu of taxes if we're  
25   unable to tax that land? This money comes from two



1 different sources. One source is from the Bureau of  
2 Land Management under the Department of Interior and  
3 then also from TVA.

4           The first look at -- the first entity  
5 we will talk about somewhat is TVA. Their payment  
6 in lieu of tax information is \$44.46 per acre. When  
7 we get to the next partner involved, you're going to  
8 see that to be a very respectable price. The total  
9 that they paid on their 7,337 acres in the last  
10 fiscal year was \$326,221, and that is a respectable  
11 amount.

12           And just to put things into  
13 perspective, if a private partner within the county  
14 owned that property, a similar property would be  
15 valued at \$20,000 per acre and the total tax  
16 collection on that would be eight hundred and seven  
17 thousand and seventy dollars was the information  
18 that I got from our county's tax office. So I'm not  
19 here to say, you need to be paying that or you need  
20 to recommend they pay that, I'm just offering that  
21 as information to help you show differential.

22           The next we're going to look at is,  
23 of course, the park service because it's a large  
24 landowner in the county, and they pay 82 and 1/2  
25 cents per acre. They own in Swain County 217,451

1 and 1/2 acres, and their total that they paid in  
2 last year or last fiscal year was \$179,539. They  
3 paid almost half of what TVA paid and owns  
4 63 percent more than TVA owns. The per acre value  
5 of the park property would be an average of \$25,000  
6 per acre. The possible tax collection of that would  
7 be \$29,899,512.50.

8           The next chart is just a graphic  
9 form -- okay, here it comes, just a graphic form to  
10 kind of show the 82 cents and \$44.46. I wanted to  
11 put this into the presentation just to offer -- and  
12 I thought about actually using a laser pointer with  
13 my hands here, but I forgot it. So if you could --  
14 if you'll notice, this is what the park paid. This  
15 is what the park owned. Here's what TVA paid -- or  
16 owned, and there's what TVA paid. So as you can  
17 see, it's fairly respectable when you put it into a  
18 larger scale of things. We're going to move through  
19 this one as well. Same thing, 65 percent to  
20 35 percent.

21           This next chart that I am going to  
22 pull up is the progression since 1989 of PILT  
23 payments made to Swain County combined between TVA  
24 and the Bureau of Land Management. As you can see  
25 by looking at this, if you look at it under an

1 economist's eye that's something that's very  
2 difficult to budget. When you see something that  
3 fluctuates so greatly with certain peaks on certain  
4 years, it's fairly troublesome. As you can see,  
5 it's been in somewhat of disarray since 1989, and  
6 that's one of the things that we have addressed as  
7 our Economic Development Commission is, how can we  
8 make that, you know, some -- put some type of  
9 consistency behind that to help give it some better  
10 figures in how to budget for our county.

11           Here are the actual figures over the  
12 past 11 years since 1989. You can see a few peaks  
13 here. TVA's high peak in payment was 1992 to 1993  
14 when they paid \$317,186. The Bureau of Land  
15 Management's highest peak was '95 to '96 with  
16 \$189,358. This is going to be -- the next chart  
17 will be a comparative chart between the two over  
18 their 11 -- 10- or 11-year progression.

19           The fourth and final part of my  
20 presentation is something that I wanted to present  
21 to you as the -- as something that will hopefully  
22 give some validity to our being here and our  
23 presenting to you on several occasions. The Vice  
24 Chairman of our Swain County Board of Commissioners  
25 has spoken at several public meetings about the need

1 to support a longer lake level and different things  
2 like that, and I wanted to offer you some  
3 information from our EDC of the county on why we  
4 support that and why we would like to see that  
5 endeavor move forward in some fashion.

6         We are adopting a model for economic  
7 development in the county. It's based on an idea of  
8 an assisted self-reliance. This idea comes from an  
9 Appalachian economist, I guess, from the early '80s,  
10 which means the ability of a community or region to  
11 use outside resources to diversify and expand a  
12 local capacity that is not specific to the  
13 achievement of individual results.

14         This notion is being put forward  
15 because we realize that as a county of 86.3 of  
16 public ownership that's unable for us to tax, we  
17 have to diversify and use those resources but still  
18 maintain our self identify, and the reason that  
19 we're here in front of you is to say that's one  
20 piece of that, you know, that longer lake levels  
21 gives us something more to offer in a way to help  
22 expand that capacity or offer certain channels of  
23 implementation.

24         And in everything that we do I  
25 just -- the phrase of a sustainable development, in

1 all that we do, we're hoping that from this point  
2 forward that we do everything in a sustainable way  
3 so that we meet our current needs without giving up  
4 things in the future.

5         The next part of this, here are some  
6 ways that we're hoping to achieve this idea of an  
7 assisted self-reliance. One of those is through  
8 diversification or economic dependence through  
9 microenterprises. The majority of our business in  
10 Swain County is small business owners, whether it be  
11 because of the outdoor recreation operation or just  
12 general retail, we have a large population of small  
13 and local business owners, and that's one of the  
14 things that we really hope to do, is to be able to  
15 build our microenterprise capacity, and also, to  
16 help diversify our industrial and economic  
17 developments as well.

18         We want to work on good welfare to  
19 work programs. We're hoping to do this out of  
20 facilitated community forums about local issues. We  
21 don't want to come up with these issues ourselves.  
22 I definitely don't want to do that on behalf of the  
23 county, seeing how I am not from the county  
24 originally. So I am coming at this in a different  
25 light because I was able to give it an outsider's

1 perspective, and I don't want to enforce something  
2 to the community that's not a true issue of that  
3 community.

4           And then the fourth and final aspect  
5 of this is that we must strengthen our local  
6 government's capacity to have the ability to do  
7 these other things.

8           Some other means of accomplishments  
9 with this, which you can go over at your leisure  
10 that are in the packet of information, I'm not going  
11 to go over all of these at once, but these are just  
12 parts of this economic model of assisted  
13 self-reliance that helps the county embrace that  
14 notion and helps them to grow in a responsible and  
15 sustainable way.

16           Now, I do want to address four points  
17 on how a longer sustained lake level could benefit  
18 Swain County. Just looking at the idea of -- on the  
19 Fontana reservoir, not taking into consideration the  
20 other reservoirs, because that's not what I know,  
21 but about Fontana and how it can help, it offers us  
22 one piece of our overall economic diversification  
23 plan. It gives us that longer period in which we  
24 can attract people into the community, have people  
25 come back into the community, and keep people in the

1 community.

2           It also helps to expand the local  
3 government's capacity because it puts more dollars  
4 of sales tax back into the county. It makes it more  
5 available or it makes it a lot easier for the  
6 government to offer programs themselves without  
7 having to go out and always look for this money to  
8 assist these programs if we could help diversify the  
9 money we bring in.

10           It helps to open and sustain multiple  
11 channels of action and activity. It gives us the  
12 opportunity to diversify really our recreation in  
13 the county. Right now it's concentrated on outdoor  
14 recreation, but we have a whole other industry out  
15 there that we lose after the lake comes down as far  
16 as it does because they are not able to access the  
17 lake for fishing, for family enjoyment, just for a  
18 more family concentrated ideal. The Fontana  
19 reservoir is used by so many other folks outside of  
20 Swain County that drive from Heywood County, Jackson  
21 County, Cherokee County, and a lot of the other  
22 surrounding counties.

23           It also helps to create sustained  
24 responsible employment. Swain County is extremely  
25 limited in some of the employment opportunities they

1 have, and of those opportunities that we have  
2 currently, it's -- our first and foremost  
3 responsibility is to make sure that we can expand  
4 those opportunities and help those folks grow. And  
5 Bill can probably speak to this better than I can,  
6 about if you have something there, help that person  
7 stay there because they can be your biggest asset as  
8 long as they are there.

9           And with that, I would -- I truly  
10 appreciate the opportunity to address you today and  
11 hope that this information has been presented in a  
12 way not to accuse or not to force an idea of a  
13 recommendation but offers you some information in  
14 which you can consider in your deliberations and in  
15 your subcommittees and of this Council in ways that  
16 we can be included and the economic benefits of the  
17 Fontana reservoir can be included in your  
18 deliberations.

19           Now I would like to open it up for  
20 any questions you may have.

21           MAYOR EDDIE SMITH: Okay. I believe  
22 I see Paul and Al.

23           DR. PAUL TEAGUE: Number one, why is  
24 there such fluctuations because the acreage is the  
25 same year-to-year?



1 MR. AL MANN: Yeah, that's my --

2 MR. JASON WALLS: Can you speak to  
3 that?

4 DR. KATE JACKSON: I wish I could  
5 answer that. My understanding was that it was based  
6 on power sales, and so I don't know why there is  
7 that fluctuation. TVA though does not provide money  
8 directly to counties. TVA provides money to states.  
9 So my only guess could be that it is dependent upon  
10 the way the state disburses the money, but actually  
11 Barry is off trying to see if he can answer that  
12 one.

13 MR. PHIL COMER: The state passes on  
14 only 48 percent of what y'all paid -- 48 percent to  
15 the counties of the total that y'all paid to --

16 DR. KATE JACKSON: I think each of  
17 the seven states is different.

18 MR. PHIL COMER: I was talking  
19 Tennessee, I'm sorry.

20 MR. JASON WALLS: I think North  
21 Carolina pays -- it's in the low 60 percent range of  
22 what's actually paid into the state system by TVA.

23 DR. KATE JACKSON: I'm sorry. I  
24 can't answer that at this point.

25 MR. JASON WALLS: As a matter of

1 fact, that was information -- that was the only  
2 piece of my research I was not able to gather a  
3 clear understanding about, because I'm not sure of  
4 the person I spoke with when I spoke with a member  
5 of the TVA staff, they said exactly what you're  
6 saying, that it's based on their power sales and  
7 what they're able to give back into the state. So  
8 when I contacted the state, they said, well, we give  
9 you -- I think it was 63 percent of what's paid into  
10 them. So there's -- I wish I could answer that as  
11 well, but I wasn't able to come up with that.

12 DR. KATE JACKSON: We will see if we  
13 can come up with the answer to that question.

14 MR. JASON WALLS: And I would  
15 appreciate that as well.

16 MR. BILL FORSYTH: The portion in  
17 U.S. Forest Service lands is, from my understanding,  
18 based on timber sales, but if that were the only  
19 factor, then that should be going down all the time.

20 MR. JASON WALLS: Right. And the  
21 interesting thing about the Forest Service, when I  
22 approached the Bureau of Land Management, of course,  
23 the Department of Interior is home to the U.S. Park  
24 Service, and agriculture, I guess, is the parent of  
25 the Forest Service, but our PILT payment comes out

1 of the Bureau of Land Management for both of  
2 those -- for both of those federal entities. So we  
3 only get a payment once from the Bureau of Land  
4 Management for that reimbursement of tax laws.

5 DR. PAUL TEAGUE: So you do not have  
6 a flat tax to these government entities, it's based  
7 on timber sales on the one hand and electricity on  
8 the other?

9 MR. JASON WALLS: Right.

10 DR. PAUL TEAGUE: And that explains  
11 why -- this is -- this is what my second question  
12 was, why does TVA pay so much more than the  
13 Department of Interior when they are on a miniscule  
14 acreage?

15 MR. JASON WALLS: Well, the  
16 Department of Interior pays what they're  
17 appropriated. When the 1943 agreement was written  
18 and adopted by -- by TVA, Department of Interior,  
19 Swain County, which eventually created the Fontana  
20 reservoir, there was a formula that was adopted on  
21 how the PILT payment would be paid by the Department  
22 of Interior, and that is still used to this day.

23 What happens is they use that and  
24 then the money is not appropriated to that amount.  
25 The actual money that would be appropriated would be

1 of a greater amount, but if they are not  
2 appropriated we don't get that funding.

3 Do you understand what I'm saying?

4 If Congress doesn't appropriate what  
5 the formula comes out to, they just write it off and  
6 we get what's appropriated.

7 MR. W. C. NELSON: I just wanted to  
8 add that my information is that TVA's payments are  
9 based upon not the number of acres in the county but  
10 by the capital investment that TVA has made. And as  
11 TVA makes more investments, then the amounts can go  
12 up, but the depreciation can take it down. So it  
13 does fluctuate based upon the capital investment in  
14 the county.

15 DR. KATE JACKSON: And it is based on  
16 the number of acres of power properties that are in  
17 a given state to liken it to a property tax. So  
18 it's payment in lieu of property tax.

19 So then most of the seven states  
20 divide it back up, pardon me, based on the total TVA  
21 land in a given county. So you may have land that  
22 was formerly the appropriated land, sort of hard to  
23 talk about, the non-power land, that goes into the  
24 calculation of disbursing it. Although, the payment  
25 of it to the states is based solely on the power

1 property.

2 DR. PAUL TEAGUE: It's basically a  
3 tax equivalent on sales tax rather than really a  
4 property tax then, if that's true.

5 DR. KATE JACKSON: No. It's a  
6 property tax. It's sort of a shadow of property  
7 tax.

8 MAYOR EDDIE SMITH: Okay. Ann, I  
9 think I saw your card.

10 MS. ANN COULTER: I'm still not -- in  
11 fact, I am less clear after this discussion about  
12 just what land in Swain County receives for which --  
13 just which land for which you receive payment in  
14 lieu of taxes. That includes the Cherokee  
15 Reservation?

16 MR. JASON WALLS: No. We receive no  
17 payment in lieu of taxes for Cherokee Indian  
18 Reservation. Currently the process in which they go  
19 into, which, of course, I can't speak to except  
20 through research, is once they purchase property and  
21 that property is paid in full, they can place the  
22 land in trust. And once that land is placed in  
23 trust, they don't have to pay anything at all. The  
24 reservations are placed in trust.

25 There was some property that was

1 purchased which is known as the Kutuah -- well,  
2 Kutuah Valley here recently to be preserved by the  
3 Cherokees which was -- I think added another half or  
4 three-quarters percent to how much they owned. It  
5 was a very large tract of property. After a  
6 three-year period when that is up, they will place  
7 that in trust and that will also be off of our tax  
8 record.

9 MS. ANN COULTER: Okay. So then the  
10 payments you get come from TVA and the Bureau of  
11 Land Management?

12 MR. JASON WALLS: Yes, ma'am.

13 MS. ANN COULTER: So that includes  
14 the Smokies, the National Park, as well as the  
15 National Forest Service land?

16 MR. JASON WALLS: Nantahala National  
17 Forest.

18 MS. ANN COULTER: Do you have an  
19 estimate on the cost to the county for providing  
20 services to that property, roads, fire, police,  
21 education? I mean, what goes out of the county  
22 budget to provide services to that land?

23 MR. JASON WALLS: Most of the  
24 services provided to those lands happen within those  
25 agencies. We provide -- we only provide any type

1 of, you know, road maintenance, mowing or anything  
2 of that nature on land which is county property.

3 MS. ANN COULTER: The county has no  
4 costs associated with that land?

5 MR. JASON WALLS: Well, I'm not going  
6 to say no cost. It's a minimal cost. It's a  
7 minimal cost that we put into that land. Now, what  
8 we could get out of that land has an extreme value,  
9 which is -- it's hard to justify that value, and I  
10 try to do it taking a maximum and a minimum and give  
11 you an average about how much it would be worth per  
12 acre and different things in the presentation. The  
13 problem with that is it really hasn't been evaluated  
14 in that way. So we don't put much into it, but we  
15 could be getting a whole lot out of it if it was --  
16 of course, we would be giving up a lot of things as  
17 well.

18 MR. BILL FORSYTH: That's the big  
19 point, that's property in a county that never gets  
20 taxed and can't be developed. It's opportunity  
21 loss, you know, in the county is the big thing.

22 MS. ANN COULTER: But currently at  
23 this point the county doesn't pay to service that  
24 land, even though it gets payment in lieu of taxes?

25 MR. JASON WALLS: Right. It's

1 basically payment in lieu -- as Kate was saying, a  
2 payment in lieu of property taxes. Our property --  
3 you know, every citizen in Swain County has a  
4 property tax, so that payment is in lieu of the  
5 amount of land that they own within the county.

6 MAYOR EDDIE SMITH: Austin, do you  
7 have a question? Excuse me.

8 MR. BILL FORSYTH: If your county  
9 is -- the way I look at it, if the county is about  
10 half forest service that's probably an asset because  
11 it leaves a lot of good, beautiful land. If you get  
12 down to 14 percent you have got nothing to work  
13 with.

14 MR. JASON WALLS: And our 14 percent  
15 is very hilly.

16 MS. ANN COULTER: In fact, it makes  
17 you a very small county.

18 MR. JASON WALLS: Extremely small  
19 county.

20 MS. ANN COULTER: You're not spending  
21 money on it, but neither are you gaining benefit,  
22 other than the tourism that comes to your area  
23 because of that land, I mean, there's got to be some  
24 benefit you'd have to recognize.

25 MR. JASON WALLS: Of course, there is



1 some benefit. The Smokies -- I think the last year  
2 number on the Smokies 12,000,000 people visited the  
3 Smokies. Nantahala River, 256,000 people. Great  
4 Smoky Mountains Railroad, they had 179,000 people  
5 coming into Swain County. The problem is keeping  
6 people there. We don't have land in which we can  
7 work with for hotels, housing, and different things  
8 and how to keep and retain folks there as well.

9 MAYOR EDDIE SMITH: Okay. Austin?

10 We're running out of time here.

11 MR. AUSTIN CARROLL: Well, do you-all  
12 have any kind of recreation? We're talking about or  
13 you somewhat advocated increasing the payments on  
14 the in lieu of over there, but do you have any  
15 recreation fees or do you have higher sales taxes  
16 for those people who are coming in that, you know,  
17 might be another way of garnering the money you need  
18 to do the things you want to do?

19 MR. JASON WALLS: The county  
20 collects, if I am correct here, and I'm pretty sure  
21 that I am, it's \$1 a raft that goes down the river  
22 or is sold by an outfitter, the county collects \$1  
23 of that raft sale. I'm not sure what the other  
24 charges to them are. Fred Alexander could probably  
25 speak to that before I could, but I do know we

1 receive \$1 a raft.

2 MAYOR EDDIE SMITH: Roger, do you  
3 have a question? I think that will be the final  
4 one.

5 SENATOR ROGER BEDFORD: Just a brief  
6 one, Mr. Chairman. In your economic models that you  
7 have run, have y'all attempted to qualify the cost  
8 benefit analysis of what it could cost TVA to keep  
9 the lake levels up another 30 days to benefit the  
10 14 percent of the county?

11 MR. JASON WALLS: We're in the  
12 process of the best way to go about doing a type of  
13 study like that, what needs to be included. We  
14 recently heard from the Forest Service that we had  
15 \$40,000 for Fontana reservoir which was earmarked to  
16 do some type of impact study on just the Fontana  
17 reservoir for the use of the county. We're trying  
18 to think of the best way to utilize that and what to  
19 include, and that's going to be one of the things  
20 that's going to be of top priority because we need  
21 to find -- we need to get those numbers from a --  
22 from a real point of view so that we can give some  
23 real validity when we come forward and say, hey,  
24 we're losing \$800,000,000, we're losing \$80,000,000.  
25 Whatever the figure is, we need to have that figure,

1 and it's not been calculated.

2 MAYOR EDDIE SMITH: Okay. Thank you  
3 very much, Mr. Walls. I think I called you  
4 Mr. Wells, but we appreciate you making the  
5 presentation and we appreciate the questions that  
6 was raised by members of the Council. We were  
7 scheduled to have a 15-minute break and we have  
8 already used that up. So I think if we would take a  
9 ten-minute break and try to be back here at 10:45,  
10 according to my watch, we will try to stay on  
11 schedule.

12 (Brief recess.)

13 MAYOR EDDIE SMITH: Okay. I think we  
14 need to come back to order again new. We will ask  
15 all Council persons to please take your seat and we  
16 will proceed along.

17 We're at the point now where we will  
18 have our first recommendation from the water quality  
19 committee -- subcommittee. And since this is our  
20 first time to do this, I think there's some  
21 guidelines and points of views we will need to hear  
22 from TVA. So we have asked Kate Jackson to do that  
23 at this time.

24 DR. KATE JACKSON: Thank you. I  
25 guess what I just want to kind of talk about in a

1 little bit more detail so something that Jim talked  
2 about earlier, the independent deliberation of the  
3 Council. Up to now you have either been hearing  
4 information from us or doing some basic fact-finding  
5 about the system or in-depth fact-finding within the  
6 subcommittees and that I sort of think about as this  
7 education phase that you have put yourselves  
8 through, and at this point now I think we're sort of  
9 switching to the point where you are going to be  
10 deliberating issues.

11           And I really want to highlight the  
12 fact that that deliberation needs to go on  
13 independent of TVA, that I and the other TVA staff  
14 members will be kind of pushing back and allowing  
15 you to do that deliberation without our influence.  
16 Clearly, there will be some questions that you may  
17 have about facts and we will attempt to answer  
18 those, but to not, as Jim says, to get kind of  
19 dragged into the discussion process.

20           It's really important that these  
21 recommendations that you bring to TVA are not joint  
22 TVA/Council recommendations that are brought before  
23 TVA but that they are yours. So I am going to kind  
24 of take a back seat. We will obviously respond to  
25 questions that you have that are factual in nature,

1 and we do have a commitment, as I have always  
2 stated, that we will respond in writing to every  
3 Council recommendation and try to work through what  
4 it means to implement that over the long-term.

5 And I will reemphasize, you're  
6 probably sick of hearing it, it helps us and it  
7 helps the region the greater the consensus that can  
8 be reached on any of these recommendations.

9 Okay. That's it.

10 MAYOR EDDIE SMITH: Okay. Thank you  
11 very much. We will move now to our recommendations,  
12 and I have asked Jim to facilitate this phase of the  
13 program. So Jim, if you will take it.

14 MR. JIM CREIGHTON: Okay. Let me  
15 remind you that there's kind of three phases that  
16 we're going to go through. The first place is  
17 primarily the subcommittee, however it wishes to  
18 handle it, to present its recommendation to the  
19 Council. This is also the time for Council members  
20 to ask questions of the subcommittee. It's time for  
21 the Council members to ask questions of TVA.

22 Then we will go into a public comment  
23 period. Anybody here who hasn't been through that  
24 before sitting in the audience, we do ask that you  
25 fill out a sign-in card, and those are passed up to

1 me so I know who to call on. So far we only have  
2 two, so we won't have to worry about times limits,  
3 but if it grows rapidly, well, we may have to set  
4 some kind of times limits.

5 After lunch we will come back and  
6 have the deliberation period. And as I mentioned  
7 this morning, I would encourage to get the questions  
8 of TVA done in the morning because in the afternoon  
9 they are going to try real hard to remain silent so  
10 there's no appearance of influencing the decision.  
11 Okay.

12 So Jimmy, let me hand it to you as  
13 the chair of the water quality subcommittee. You're  
14 on.

15 MR. JIMMY BARNETT: Thank you, Jim.  
16 Our particular committee, I will remind everyone, is  
17 doing this thing by consensus, not by voting, like  
18 the whole Council is going to try to operate. We're  
19 operating by consensus. This is basically a  
20 unanimous kind of thing so that the recommendation  
21 you're about to hear is supported by each one of the  
22 members of the subcommittee.

23 We have about, what is it, 12 -- 15  
24 members. It's a very good committee --  
25 subcommittee. I am very fortunate to be a part of

1 it. There's some very intelligent people. We have  
2 members there from EPA, from Tennessee, from  
3 Alabama, and all points in between representing very  
4 diverse interests, and we have all come together on  
5 this particular recommendation.

6 I have heard from several other  
7 interested parties, and as part of my comments later  
8 I will have to read something into the minutes of  
9 this Council meeting because I promised another  
10 Council member that I would, and it's on this  
11 particular subject.

12 So with no further ado, I'll present  
13 one member of our subcommittee, which is also a  
14 member of the Council here, Bruce Shupp, who will  
15 make this recommendation and explain to you-all what  
16 we're talking about.

17 MR. BRUCE SHUPP: Good morning.  
18 Thank you, Jimmy. It's certainly an honor for the  
19 water quality subcommittee to bring forth the first  
20 policy recommendation to TVA, that's essentially why  
21 they brought us here, to take issues which are  
22 difficult for them and come up with some citizen  
23 recommendations and how to go forward, and we're  
24 very proud to be able to do that.

25 I would like to echo Jimmy's thoughts

1 on the quality of the subcommittee, and I'm going to  
2 actually read their names so you understand the type  
3 of people that we have on this subcommittee and what  
4 they bring to the table to make these  
5 recommendations.

6 First it's the four members that are  
7 actually on the Council, Elaine Patterson, Steve  
8 Smith, Jimmy Barnett, and myself. John Shipp is the  
9 advisor for TVA. Then we have 11 citizen volunteers  
10 who are giving their time and attending regularly at  
11 our subcommittee meetings to engage in these  
12 discussions.

13 Some of them are here. I will ask  
14 them to stand, please, when I introduce them. Steve  
15 Alexander from the U.S. Fish & Wildlife Service.  
16 Are you still here, Steve? Back in the back.

17 Axel Ring from the Tennessee Clean  
18 Water Network. Tom Welborn from EPA in Atlanta.  
19 Paul Davis, the head of Water Quality Division for  
20 Tennessee. Brad McClane from the Alabama River  
21 Alliance, Executive Director of Alabama River  
22 Alliance.

23 Any other subcommittee members here  
24 that I missed?

25 I'm just going to read quickly who



1 else is on that subcommittee. Larry Bowers,  
2 Director of Risk Management for Wheland Automotive  
3 Industries in Chattanooga. Charles Horn, Water  
4 Quality Engineer, retired from Alabama Department of  
5 Environmental Management and now a consultant. John  
6 Poole, head of Water Quality for Alabama Department  
7 of Environmental Management. John was here, I think  
8 he had to leave.

9 Frank Russell, Senior Environmental  
10 Engineer from Copperhill, Tennessee for Innerfreight  
11 Holding, Incorporated. Susan Webber, Environmental  
12 Protection Specialist for Red Stone Arsenal. Tom  
13 Weisenberger from the BP Petroleum, Decatur plant.  
14 That's it, that's our committee. A very impressive  
15 group of people that have a lot of responsibility  
16 for water quality management in their respective  
17 states and within the region.

18 Mr. Chairman, I don't have a long  
19 presentation, but I don't want to rush it. I know  
20 we're behind time, and I want to make sure we take  
21 our time and get it all through, if that's okay.

22 We're going to go in three parts. I  
23 am going to give you -- you have a policy -- a draft  
24 policy in front of you, and the last page of that  
25 draft policy is actually the recommendation itself,

1 and we're going to go through that word-for-word,  
2 but that's going to be the last part of the  
3 presentation. First I want to go through some  
4 background and then through some steps for  
5 developing an aquatic plant management policy.

6 Put some boundaries on this, some  
7 financial boundaries of how big a deal is this -- is  
8 plant management to TVA, well, it's -- as far as  
9 administratively and operationally it's caused them  
10 over the last 20 or so years a great deal of  
11 internal strife and external strife with local  
12 communities in that it became a very controversial  
13 and almost -- and almost a radical sense in some of  
14 the communities, almost combative at times.

15 Economically compared to some of the  
16 other issues that this Council will be tackling,  
17 it's not that large. The range I would put on it  
18 over the next decade may go from a half million  
19 dollars a year to maybe up to two, two and a half  
20 million dollars a year, that would be the economic  
21 range of expenditures to TVA that we would probably  
22 be dealing with, unless there's something very  
23 unforeseen that would happen, like the invasion of  
24 some new exotic plant species that we hope we don't  
25 see. Those are the boundaries.

1           We have approached the recommendation  
2 with both specific and flexible recommendation.  
3 There's three components to this. It's a  
4 responsibility, who has responsibility, we have been  
5 very specific for -- in that recommendation. Then  
6 there's the process to go through to develop an  
7 aquatic plant management plan, and we have been both  
8 specific on that process and flexible within that  
9 process. And then there's the funding, who pays for  
10 this plant management, and in that regard we have  
11 been relatively flexible.

12           You have heard from both the  
13 Guntersville stakeholder group and from TVA itself  
14 about their plant management problems and program,  
15 and I just want to remind you that most of these  
16 problems are coming from exotic plant species, not  
17 native plant species, and these are plant species  
18 that have a tendency to overwhelm an ecosystem and  
19 develop dense stands which become a problem to some  
20 users, some users of the reservoirs.

21           Plants -- aquatic plants and the  
22 problems they create are perceived differently by  
23 different user groups. The group I represent, the  
24 Anglers, sees very little problems with aquatic  
25 plants. In fact, they prefer to see a high density

1 of plants in a reservoir because it's good for fish  
2 productivity, to a certain extent. It can get to  
3 excessive amounts where it actually is degrading to  
4 fish.

5           On the other hand, sailors, swimmers,  
6 waterskiers and just people that appreciate a  
7 reservoir for the aesthetic uses, water treatment  
8 operators, power generators, a dense stand of  
9 aquatic plants to them is a great problem, and these  
10 divergent viewpoints create controversy.

11           As I said, TVA has a history in this  
12 area of strong controversy and almost hostility in  
13 some cases. And sadly, that hostility in -- about  
14 10 or 12 years ago actually developed into a  
15 distrust for TVA's plant management program, which  
16 they are still battling through to this day, which I  
17 think this policy is going to help them resolve.

18           Now, even if there's a difference --  
19 an agreement on what the problems are with aquatic  
20 plants, there then becomes differences of opinion of  
21 how to control or manage those plants. That gets  
22 into the tools that would be used for how to manage  
23 it, and those tools all have their own problems as  
24 well as benefits.

25           The cost of aquatic plant management

1 can range from \$200 an acre to several thousand  
2 dollars an acre, depending on what tools are used to  
3 control and manage those plants. You start talking  
4 about management of infestations like Guntersville  
5 of 15 to 20,000 acres and the need to control or  
6 manage -- aggressively manage up to two or 3,000  
7 acres, those costs can escalate very quickly.

8           We developed a list of 12 steps that  
9 are important for the development of any aquatic  
10 plant management program. We didn't imagine these.  
11 We didn't dream these up from the subcommittee.  
12 These are from four sources, first from a document  
13 by the North American Lake Management Society  
14 published in 1988, from a Waterways Management  
15 Bulletin published in 1999 by the Corps of Engineers  
16 and funded with Sport Fish Restoration funds, from a  
17 group called The Bass Grass Alliance, which is a  
18 foundation of plant managers, fish managers, and  
19 anglers working to try to resolve the complexity and  
20 the confusion and plant management across the  
21 country.

22           And then finally, these 12  
23 recommendations are mirror image of the Guntersville  
24 plan that was developed by TVA. So we're not  
25 proposing anything new to TVA. What we're proposing

1 and endorsing is the way they have managed the  
2 Guntersville program over the last two years. So  
3 this is essentially a way to get this process  
4 institutionalized so that there's no loss of memory  
5 of how to do it once personnel change over the next  
6 decade or so.

7           Let's go through these steps before  
8 we get into the policy. First, assume leadership  
9 role. One of the biggest problems nationally that  
10 we have seen with aquatic plant management is that  
11 nobody wants to be in charge. That's easy to  
12 understand for two reasons. One is it's fun if it's  
13 a hostile, controversial situation. Agencies are  
14 reluctant to take charge. And two, if you take  
15 charge you might be stuck with the bill, and that  
16 bill can be expensive and has been expensive. So we  
17 see two reasons why agencies nationally are  
18 reluctant to get in charge. Federal agencies, state  
19 agencies, water river authorities, when problems  
20 develop sort of everybody starts going like this and  
21 saying, let's all do it, you do it.

22           Secondly, when someone takes over  
23 that process, then there must be everybody involved  
24 in the discussion sitting down to the table. Again,  
25 looking on a national picture where mistakes have

1 been made and dissatisfaction resulted with  
2 expensive treatment perhaps is where there was only  
3 one user group or one interest group involved in the  
4 planning, excluding other interests, and therefore,  
5 a lot of money was spent and things happened and  
6 things changed in the ecosystem of those resources  
7 to the very dissatisfaction of many other user  
8 groups. So everybody has got to be brought  
9 together, and you have got to bring technical  
10 experts into the picture.

11           Local citizens with a lot of myths  
12 and misunderstanding of the plant management should  
13 not make that decision without technical expertise  
14 at hand during their deliberations. Very important,  
15 the first two steps.

16           Then it goes good from there. Define  
17 the problems, work together, define the problems,  
18 establish clear management, goals, and objectives.  
19 What are you going to treat, why are you going to  
20 treat, how much are you going to treat, where are  
21 you going to treat, where are you going to manage,  
22 what's your goals and objectives.

23           Then after you decide what you're  
24 going to do, how are you going to do it? Are you  
25 going to use chemicals, mechanical cutters? Are you

1 going to draw the lake down for extended periods of  
2 time to dry up the subsoil to kill the weeds, let it  
3 freeze in the wintertime and dry out in the  
4 summertime? Are you going to use biological  
5 controls? All of these things have costs and all of  
6 those things have benefits. That decision is very  
7 important.

8           Then define the responsibilities.  
9 Who is going to do what? In the process, after you  
10 have decided what you're going to do, who is in  
11 charge, who develops the plans, who talks to the  
12 public, define those responsibilities.

13           Prepare operational fiscal plans.  
14 Make sure there's public involvement in the  
15 preparation of those plans, and those -- that  
16 recommendation could be built in throughout this  
17 process.

18           Finally, implement the plan itself,  
19 and do that while working with the public to manage  
20 their inquiries and their concerns while the plan is  
21 ongoing. Questions like, when are you going to do  
22 my area, can I swim in it after you treat it with  
23 chemicals, can I water my lawn, can I water my  
24 tomato plants, what can I do to help you get the job  
25 done, all of these types of inquiries must be



1 managed while a good program is being implemented,  
2 good control planning is being implemented.

3           Then it must be evaluated. How  
4 effective was it? If we spent a half million  
5 dollars or a million dollars, what did it do? What  
6 did it do not only to the weeds that you were trying  
7 to manage, but what did it do to the ecosystem and  
8 the fish in that system? What did it do to  
9 recreation and tourism in the area? How much did it  
10 cost us really to implement that, not only dollars  
11 but in ancillary dollars to the control program?

12           After that evaluation is done, then  
13 go back through a public process, discuss the  
14 impacts, review it, and then adjust your management  
15 program for the next year based on the public input  
16 and the evaluation.

17           Those are the basic 12 steps. It's  
18 what's being done right now in Guntersville. It's  
19 working beautifully, and this is the way we're going  
20 to recommend it in the future.

21           So if you would turn to your  
22 recommended policy, the last page. It starts out  
23 with -- on the top with, what is TVA's role in  
24 managing aquatic plants in waters within the TVA  
25 system. You will notice that these 12 steps have

1 been highlighted throughout the recommended policy,  
2 so you can follow along and see where we put the 12  
3 steps.

4           The first is, TVA will assume the  
5 leadership responsibility for resolving problems  
6 with and disputes over aquatic plants within the  
7 system. TVA will take the lead in bringing  
8 stakeholders and technical experts together to  
9 discuss and define the problems, voice concerns,  
10 design management plans, and develop funding  
11 strategies.

12           Here is a very flexible part here now  
13 in the policy, the administration implementation and  
14 funding responsibilities, administration,  
15 implementation, and funding responsibilities will be  
16 negotiated among local, state, and federal  
17 government agencies, TVA, and all the other  
18 stakeholders, a big flexible part of the process.

19           Now, let's skip the next few  
20 sentences and go to the second paragraph. I want to  
21 save the funding part for last.

22           After all that has been negotiated,  
23 the planning team for any aquatic plant management  
24 plan must be composed of the range of all of the  
25 stakeholders from within the watershed, this is what

1 I went through earlier, defining the fact that all  
2 of the players should be at the table, and then we  
3 list a representative group of players, which isn't  
4 all complete, but we list those there, and I won't  
5 go through it, you can read that.

6           The plan will clearly describe the  
7 problems, define goals, objectives, strategies, and  
8 evaluation techniques. The planning process will be  
9 open to the public. Again, it's flexible there on  
10 how it's done. We don't want to describe the  
11 process of how the public process will go, but we  
12 want to include also, make sure there's a scoping  
13 session up front to identify public concerns, and  
14 the implementation plans must be conveniently  
15 available so that anybody wanting to review the  
16 plans can do so.

17           Annual goals and performance reports  
18 will be provided to the media and through public  
19 meetings, and then at the very last sentence we talk  
20 about the adoptive management decisions that were  
21 made after the evaluation.

22           The fact that's also important in  
23 there is that the original stakeholder planning  
24 group is recommended to be turned into a stakeholder  
25 management group or advisory group that would

1 continue through the process and work with the  
2 responsible agency, in this case TVA.

3           Now, let's get up to the first  
4 paragraph again in the middle there to the funding  
5 part. Here's where we were both specific and  
6 flexible. The specific part is that the committee,  
7 and again, by full consensus, agrees that the  
8 electric ratepayers should not be responsible for  
9 all the costs of aquatic plant management, for all  
10 of the costs. If this was still an appropriated  
11 stewardship effort, we might feel differently, but  
12 it's not.

13           Now, we go on. However, the TVA's  
14 financial contribution should include coordination  
15 and management of the process, the cost of being the  
16 leader, in other words, and of the plan development  
17 and for aquatic plant control necessary to establish  
18 safe navigation, provide convenient and save public  
19 access and to maintain the economic stability of the  
20 local communities, another very flexible and  
21 negotiable issue right there, maintain the economic  
22 stability of the local communities.

23           Now, why weren't we more specific on  
24 the funding issue? Good reason. Number one, we  
25 probably weren't smart enough to figure it out.

1 Number two, there's no model. There's no model for  
2 this. Federal agencies, state agencies, and private  
3 utilities all do it differently all over the place,  
4 just like there's a model for national  
5 development -- a national model for the development  
6 of an aquatic plant management plan, there's no  
7 national model for how it's funded. In fact,  
8 funding has been dropping off as the Corps of  
9 Engineers, who was the lead funding provider over  
10 the last two decades, has been losing their  
11 appropriation for aquatic plant management at the  
12 same time while exotic plants were expanding their  
13 range across the southern U.S. and making more and  
14 more trouble. So we have these diversions of money  
15 to solve problems.

16 Private utilities in some cases spend  
17 their own money to control aquatic vegetation. In  
18 some states they're cooperating with the state and  
19 other federal agencies to control aquatic plants.  
20 Some federal agencies are involved in cooperative  
21 programs. Some do it -- like right now on Lake  
22 Seminole, where I will be in two weeks, the Corps is  
23 spending a million dollars down there solely of  
24 their own money to solve a massive problem on Lake  
25 Seminole on the Florida/Georgia border.

1           In South Carolina the state is the  
2 aggressive leader. The state aggressively manages  
3 aquatic vegetation, and they work to have  
4 cooperative programs between state, federal, and  
5 local entities, including utilities. So there's a  
6 whole wide range of ways to fund aquatic plant  
7 management, and therefore, we didn't get specific on  
8 exactly how this should be done. We were specific  
9 and we said ratepayers shouldn't pay the whole bill.  
10 TVA should negotiate with all of the stakeholders to  
11 work out the funding agreement.

12           I am going to stop there and ask  
13 Jimmy if he would give input from the constituents,  
14 and then we will open it for questions.

15           MR. JIMMY BARNETT: As with any  
16 policy, you will never please everybody, and this is  
17 the same situation. I have in hand and I would like  
18 to read into the record communique from the Office  
19 of the Mayor of the City of Guntersville, James D.  
20 Townson.

21           He said, "I want to commend the  
22 Regional Council for your willingness to assist  
23 local governments and interested parties in trying  
24 to solve the Guntersville Reservoir aquatic weed  
25 problem. While this problem seems to be

1 concentrated in the Guntersville Reservoir right  
2 now, it has the potential to affect the entire  
3 Tennessee Valley Region.

4 "The Water Control Subcommittee has  
5 issued a policy statement which is inconsistent with  
6 the position and philosophy of all of the officials  
7 in our area (former Scottsboro Mayor Louis Price;  
8 U.S. Congressmen Robert Aderholt and Bud Cramer;  
9 U.S. Senators Richard Shelby and Jeff Sessions;  
10 State Senator Hinton Mitchum; State Representatives  
11 Howard Hawk and Frank McDaniel; and numerous  
12 stakeholders.

13 "By its charter, TVA is charged with  
14 the responsibility of providing safe and clean  
15 waterways. Based on this guideline, administration,  
16 implementation, and funding are TVA's  
17 responsibilities, not the local governments'.  
18 Therefore, I hope the Council can wait about  
19 adopting an 'official' policy statement until any  
20 major issues, such as funding, can be resolved.

21 "I would like to invite the Council  
22 to Guntersville for one of its meetings so that you  
23 can see the severity of the problem. Then you will  
24 understand the potential threat to the entire  
25 region. I know that all of us can work together to

1 solve this problem."

2 I also have a letter from the  
3 Marshall County Legislative Office located in  
4 Guntersville. "I appreciated the invitation you  
5 gave to me to meet with the Water Quality  
6 Subcommittee in November and the opportunity to  
7 discuss aquatic plant issues. The interest of the  
8 committee members in learning more about how aquatic  
9 vegetation impacts our area and the frank and open  
10 discussion that followed was important in  
11 understanding and addressing the continuing need for  
12 a coordinated management policy.

13 "The policy which the subcommittee  
14 plans to recommend to the Regional Resource  
15 Stewardship Council prompts me to share a few  
16 comments and observations with you.

17 "Although we appreciate the  
18 Subcommittee's recognition that TVA should assume  
19 'leadership responsibility for resolving problems  
20 with and disputes over, aquatic plants within the  
21 Tennessee River system,' we contend that TVA's  
22 responsibility to resolve such problems must also  
23 include the financial responsibility associated with  
24 resolving them. Certainly, it is TVA's prerogative  
25 to attempt to negotiate among local, state and



1 federal government agencies and other stakeholders.  
2 If a fair and equitable method should ever be  
3 identified and accepted by the lake users who are  
4 affected by this issue, then that would be yet  
5 another challenge overcome through a concerted  
6 effort of private citizens, agencies and governments  
7 partnering together.

8           However, until such time as an  
9 alternative financial solution is reached, then we  
10 believe it is TVA's indisputable responsibility, as  
11 it always has been, to "establish safe navigation,  
12 provide convenient and safe public use and access  
13 and to maintain the economic stability of local  
14 communities. (taken verbatim from policy draft.)"  
15 This means our reservoir system cannot become  
16 inaccessible due to excessive vegetation. It means  
17 our communities and economies must not be negatively  
18 impacted.

19           And it means that TVA's obligation to  
20 a \$2 billion recreation industry providing an outlet  
21 for nearly one-tenth of America's population must  
22 continue to be emphasized equally as one of the six  
23 distinct areas of responsibility.

24           The Tennessee Valley Authority claims  
25 that "NO ENTERPRISE IS BETTER EQUIPPED TO MANAGE THE

1 TENNESSEE RIVER." Yet, sometimes it seems they want  
2 to have all the say and not the pay for these  
3 particular management activities. The Tennessee  
4 River is much more than just a source of power. To  
5 make a policy recommendation that "electric  
6 ratepayers should not be responsible for all the  
7 cost of aquatic plant management" is severely  
8 deficient. As long as there is one TVA, then as  
9 ratepayers we, underlined, (all ratepayers) pay for  
10 management activities, i.e, when beavers build dams  
11 in Kentucky or vandals destroy a campground in North  
12 Carolina, we absorb the costs; when research and  
13 scientific methods are required to control concrete  
14 growth at a dam in Tennessee, we absorb the cost;  
15 when millions of dollars of EPA penalties are levied  
16 at TVA's coal-producing power plants, we (even hydro  
17 customers) pay the cost; and when TVA pays  
18 unprecedented deferred compensation to retiring  
19 executives, makes poor investments, pays fortunes in  
20 public relations campaigns to boost their ailing  
21 image or wastes money on unnecessary or frivolous  
22 office quarters, I'm afraid as ratepayers, we all  
23 pay those costs, too.

24           The issue of aquatic plant management  
25 is a very small but important part of TVA's overall

1 responsibility to manage our river system. I think  
2 that the strongest and truest statement TVA ever  
3 made is, "The river is much more than a source of  
4 power. It should be managed as such."

5 I hope that when the Subcommittee's  
6 policy recommendation is presented to the Council,  
7 you all will clarify the necessity of maintaining an  
8 uninterrupted plan for the on-going, recurring  
9 management of aquatic plants. Far too much progress  
10 has been made to ditch it now, and way too much  
11 confidence and public trust would be lost to ever  
12 commence to reinstate it. Besides that, the plant  
13 growth would quickly get so out of hand that it  
14 would be far more difficult and costly to control  
15 than it is now.

16 On behalf of the Lake Guntersville,  
17 Stakeholders, I look forward to continuing to work  
18 with your committee, the Regional Stewardship  
19 Council and TVA to find common ground and workable  
20 solutions to the problems we encounter and to the  
21 economic prosperity of our entire region."

22 Now, I'm reading those two verbatim  
23 with no comment from me. I had a local group in  
24 Northwest Alabama around a little town called  
25 Waterloo, which when the river was formed, all the

1 dams were put in, Waterloo wound up being under  
2 water, and they have the little town back up the  
3 hill now from it.

4           The residents of the Waterloo area  
5 have asked TVA to help them form a group which would  
6 deal with the growing aquatic weed problem in parts  
7 of Pickwick Lake.

8           The group, composed of landowners and  
9 lake users, met last month in Waterloo and agreed to  
10 begin initial steps to confront the weed problem  
11 which lake users say is the worst in 50 years. Most  
12 of those attending the meeting had concerns about  
13 the plant proliferation in Second Creek on Pickwick  
14 Lake.

15           Members of TVA's Pickwick watershed  
16 team addressed the group, telling them what aquatic  
17 plants were causing problems and what steps other  
18 reservoir residents and users could take to lessen  
19 the problem. Sue Robertson, watershed specialist,  
20 said the solution is not to eradicate the  
21 troublesome aquatic plants but rather to come up  
22 with a plan that would satisfy residents, fishermen,  
23 and environmentalists.

24           She said TVA's method of dealing with  
25 aquatic plants is to assist a group representing

1 different interests and points of view in order to  
2 find a solution everyone can live with. Groups have  
3 been formed in Guntersville, Nickajack and  
4 Chickamauga, she said.

5           TVA is committed to using this  
6 process on this issue, she told about 50 people  
7 gathered in Waterloo on September 21.

8           Once the group is formed, Robertson  
9 said TVA would provide technical assistance and some  
10 funding, although how much financial aid was  
11 uncertain. But action in dealing with aquatic  
12 plants would be something the group would decide and  
13 not something mandated by TVA, she said. TVA no  
14 longer has a program that uses herbicides to combat  
15 weeds.

16           Those attending complained that  
17 plants have taken over many shallow areas and made  
18 recreational use of their lakeside property or  
19 boating impossible. Some fishermen also complained  
20 the fishing has suffered because of the increase in  
21 aquatic weeds.

22           Dr. David Webb, a TVA botanist and  
23 aquatic plant specialist, identified the weeds as  
24 coontails and spinyleaf naiad. He said the  
25 proliferation of the plants is mostly due to weather

1 conditions, primarily the hot and dry conditions of  
2 the last couple of years.

3 Webb said a change in the weather  
4 pattern would probably take care of the problem as  
5 it did back in the late 1960's on parts of Pickwick  
6 when aquatic plants flourished.

7 Attacking aquatic growth is  
8 complicated on Pickwick because the 52-mile lake  
9 lies in three states - Alabama, Tennessee and  
10 Mississippi.

11 Robertson said each state has  
12 regulations dealing with placing chemicals in the  
13 water to kill weeds. Alabama has no permit  
14 requirements, Tennessee requires permits, while  
15 Robertson said she was uncertain what Mississippi  
16 required.

17 Both Robertson and Webb pointed out  
18 that landowners who decide to treat areas around  
19 their piers and property must use a herbicide that's  
20 for aquatic use.

21 "There's not a whole lot of chemicals  
22 out there for aquatic use," Webb said.

23 Landowners were advised against using  
24 traditional herbicides on areas that were dry during  
25 low water but would be flooded next spring.

1            "You must use herbicides labeled for  
2 aquatic use," Webb stressed.

3            One woman attending the meeting asked  
4 about the practice of spraying herbicides along the  
5 highway adjacent to the lake. "You know these  
6 chemicals are running off into the lake," she said.

7            "That's a good question," Robertson  
8 said.

9            Members of the audience also asked  
10 about the use of a harvester machine TVA had used  
11 successfully on Guntersville Lake.

12           Webb said the machine grinds up the  
13 plants into small pieces and then dumps them back  
14 into the river. He said using the machine on  
15 Pickwick is complicated -- uh-oh, basically it's  
16 complicated by the shallow area there.

17           The rest of the article, which  
18 evidently I've lost the back page of it, may --

19           MR. JIM CREIGHTON: I think it's  
20 coming up to you.

21           MR. JIMMY BARNETT: That Tennessee  
22 will not allow the ground-up plants to be released  
23 into the river.

24           Webb said the shallowness of Second  
25 Creek would not allow efficient use of the harvester

1 and that he would advise against it. The harvester  
2 is primarily used by TVA to clear channels for  
3 recreational boating on Guntersville Lake.

4 Another approach TVA had tried in  
5 Guntersville was to release 100,000 grass carp to  
6 attack the plants. Webb said the problem with this  
7 approach is that the fish attack plants on a  
8 widespread basis, not just the offensive ones in  
9 water along recreational areas.

10 "The state wildlife people balked at  
11 that approach," he said.

12 Robertson also noted that there is a  
13 problem of people placing plants from their water  
14 gardens into the river, opening up the possibility  
15 of exotic plants from Europe and Asia flourishing.

16 The TVA officials planned a meeting  
17 with residents of Bruton Branch about weed control.  
18 They said the Waterloo group would be advised on  
19 progress toward establishing the group for dealing  
20 with aquatic plants.

21 This hasn't been as of about the 5th  
22 or something like that of January. The point I'm  
23 making with these statements is our policy is  
24 already receiving some flak from various  
25 stakeholders.



1 I have a group up in my neck of the  
2 woods that also has a weed problem, and probably  
3 during drought years there will be weed problems in  
4 other areas that could crop up. So what we do here  
5 is not going to just affect Guntersville, it's going  
6 to affect other areas along the river also.

7 But you have our recommendation.

8 Bruce, do you have any other comment?

9 MR. BRUCE SHUPP: I have no other  
10 comment, but I would like to entertain questions.

11 MR. JIM CREIGHTON: Let me emphasize,  
12 we would like genuine requests for information, but  
13 taking up positions is something we will do in the  
14 afternoon.

15 Bruce, why don't you go ahead and  
16 monitor the questions?

17 MR. BRUCE SHUPP: All right, sir.

18 MR. AL MANN: I have a question for  
19 Kate. When TVA was receiving appropriations, how  
20 much money was spent on weed eradication a year, and  
21 then after you can no longer receive appropriations,  
22 how much are you spending?

23 DR. KATE JACKSON: I can't answer  
24 that. Bridgette is going to answer technical  
25 questions, but I don't know if she has that data.

1 This is Bridgette Ellis, vice president of resource  
2 stewardship.

3 MS. BRIDGETTE ELLIS: The last year  
4 that we got appropriations in 1999, we spent  
5 approximately about 1.2 million dollars. This past  
6 year in year 2000 we also spent 1.2 million dollars.

7 MR. AL MANN: That is strictly for  
8 weed eradication? Is that entire all over or just  
9 Guntersville?

10 MS. BRIDGETTE ELLIS: That is on  
11 Guntersville, Nickajack, and Chickamauga.

12 MR. AL MANN: 1.2 million?

13 MS. BRIDGETTE ELLIS: Yes.

14 MR. AL MANN: Thank you.

15 MR. BRUCE SHUPP: Bridgette, if I  
16 could add to that, back in the late '80s, early '90s  
17 when the controversy was swirling around the  
18 Guntersville program, a combination of TVA and Corps  
19 of Engineers began a huge study of the ecosystem of  
20 Guntersville Lake, the impact the weeds are having,  
21 the impacts the weed control may have, and, of  
22 course, on economic benefits of recreation on that  
23 waterway. That, I believe, was into the eight,  
24 \$10,000,000 range.

25 Kate, John, do you remember what

1 that -- I mean, there was a tremendous investment  
2 being spent on that research. That research made  
3 then was still holding solid into the late '90s when  
4 the Guntersville -- the modern Guntersville plant  
5 was prepared, and a lot of that information went  
6 into determining the direction to go on Guntersville  
7 Lake and made stakeholders' ability to come together  
8 that much better. So while TVA didn't spend a lot  
9 of money through the '90s in management programs,  
10 they did spend a lot of money with the Corps of  
11 Engineers on research, and a tremendous job it was,  
12 too.

13 MR. PHIL COMER: Are we supposed to  
14 be asking questions now or later?

15 MR. JIM CREIGHTON: Questions now,  
16 Bruce is going to monitor them.

17 MR. PHIL COMER: From the Council  
18 members?

19 MR. JIM CREIGHTON: The Council  
20 members, yes. I'm sorry. Maybe I didn't  
21 understand.

22 MR. PHIL COMER: I don't understand.  
23 I thought earlier you said now would be for public  
24 comments, the three people, and after dinner or  
25 after lunch would be for Council members.

1 MR. JIM CREIGHTON: No. We're behind  
2 on the agenda. We're still in period one of our  
3 exercise. So this is questions from Council  
4 members, and then I will call on the public.

5 MR. BRUCE SHUPP: After lunch will be  
6 Council deliberations on what we're going to do with  
7 this recommendation.

8 Austin, do you have a question?

9 MR. AUSTIN CARROLL: Yes. Was 1.2  
10 million the most that was ever spent on aquatic  
11 plant control?

12 MS. BRIDGETTE ELLIS: No. Through  
13 the '70s and '80s it got up to \$2,000,000 at one  
14 point in time. It depended on the amount of aquatic  
15 weed and the drought fluctuation and the number of  
16 acres that we had to treat.

17 MR. BRUCE SHUPP: And the goals. The  
18 goal back then was eradication, and the goal now is  
19 management of about ten percent of the infested  
20 areas. So it's a completely different goal,  
21 although it's very intensive management of maybe  
22 3,000 acres out of 20,000 acres.

23 Back then the goal was to take the 10  
24 or 12,000 acres that existed and try to get rid of  
25 it all. So it was a whole different approach.

1 MS. BRIDGETTE ELLIS: To give you an  
2 example, in 1988 we treated 46,000 acres. This past  
3 year we treated 24,000 acres. So it's a difference  
4 in eradication versus management.

5 MR. AUSTIN CARROLL: But given  
6 whatever the plan we're to come up with, that cost  
7 could go up, is that right?

8 MR. BRUCE SHUPP: Yes, it could.  
9 That's why I gave the range from a half million to  
10 two, two and a half million.

11 MR. AUSTIN CARROLL: So right now  
12 there's -- when we got appropriations, of course,  
13 that came out of Congressional appropriations, but  
14 now that comes out of ratepayer money that -- the  
15 ratepayers at TVA are paying 1.2 million, and unless  
16 some appropriations or whatever, some other kind of  
17 supplemental fund would come forward, then they  
18 could be even paying more under this plan, right, if  
19 the plan called for more control over whatever?

20 MR. BRUCE SHUPP: Yeah. If the  
21 problem got worse on Guntersville or if the  
22 objectives of the stakeholder group was to manage  
23 more extensive area than the 3,000 acres they are  
24 now managing or if you went forward on Pickwick or  
25 any of the other systems with serious management

1 programs, yeah, the cost could go up. Right now we  
2 don't foresee that, but it could.

3 MR. AUSTIN CARROLL: To the detriment  
4 of the ratepayers?

5 MR. BRUCE SHUPP: Yes.

6 MR. JIMMY BARNETT: One comment I  
7 would like to make, Bruce and I spent 45 minutes to  
8 an hour on the phone yesterday with  
9 representatives -- Congressman Bud Cramer and talked  
10 to Robert Aderholt himself. Both of them are in  
11 agreement, I believe, on what they're asking, and  
12 they both said that they would like to see at least  
13 us recommend level funding, which they interpreted  
14 as being the 1.2 or whatever is being spent now and  
15 no less than that.

16 And I gathered from most of these  
17 people that have talked with us on the funding area,  
18 they don't want any less money put in, they would  
19 like to see us recommend an exact amount of money,  
20 preferably more or whatever it took, but no less  
21 than this amount of money or just say TVA will do  
22 the whole thing, whatever it takes, whatever the  
23 plan calls for.

24 MR. BRUCE SHUPP: Roger?

25 SENATOR ROGER BEDFORD: Thank you,

1 Bruce. And first off, let me just congratulate your  
2 subcommittee. It looks like you-all have really  
3 looked at this from all angles and a lot of work has  
4 gone into it, and all of us are struggling with our  
5 own subcommittees as well to try to get to where  
6 you-all are right now. I had two questions of your  
7 methodology of approaching this, and Jimmy, either  
8 you or Bruce, whoever, can give me some insight into  
9 this.

10 Obviously aquatic plants is just one  
11 aspect of water quality. You have recommended that  
12 TVA not pay the full cost of it. What thought has  
13 gone into who will have to pay the cost for cleaning  
14 up zebra mussels or other exotic species?

15 And the other end of that question  
16 would be, and this is part B of my first question,  
17 what thought has gone into then who will have to pay  
18 the cost of protecting native endangered species,  
19 such as snail darters or the blind fish in the caves  
20 there in Lauderdale County; what funding model have  
21 you thought of?

22 If you have taken the position that  
23 TVA will no longer pay for that, then what are your  
24 thoughts or parameters of how -- you know, who  
25 should pay how much of aquatic plant management, and

1 then who should pay how much of getting control of  
2 the zebra mussels, which are exotic into the area,  
3 and then the thought about what do you do about  
4 native endangered species and how you're going to  
5 make the stakeholders share the cost of that?

6 MR. BRUCE SHUPP: We didn't  
7 deliberate on that at all. I will buy you a beer  
8 and tell you my personal opinion, but that's as far  
9 as we got. I mean, we didn't talk about that at  
10 all, Roger. We didn't deal with it. Those are good  
11 questions, but we didn't discuss it at all.

12 SENATOR ROGER BEDFORD: Well, do you  
13 think it would be fair then to apply this same type  
14 of methodology of cost-shifting and cost-sharing  
15 from TVA to where it's no longer a non-power  
16 producing thing to that? I mean, should we -- is  
17 this going to be the final report we should  
18 anticipate from you or will you deal with those  
19 other water quality sub-issues?

20 MR. BRUCE SHUPP: We have selected  
21 item two and three that we're going to deal with,  
22 and that is not in that -- those new issues you have  
23 proposed are not in those next two priorities. So,  
24 no, we haven't planned to deal with those issues.

25 DR. STEPHEN SMITH: Bruce, I think it



1 is safe to say that on the endangered species list,  
2 it is on our list of things that is potentially  
3 reviewable. We are planning -- it is on the list.

4           So what we are doing is we have  
5 identified some priority issues that we are working  
6 our way through, that's not to say that that isn't a  
7 priority, it's just that we have identified this  
8 issue and one or two others that we are grappling  
9 with first.

10           So I think you -- I don't know that  
11 we have necessarily taken on the zebra mussel as a  
12 water quality issue, but I know that we have had  
13 some in-depth discussions about endangered species.  
14 So I would imagine there probably will be an effort  
15 to take a look at that.

16           SENATOR ROGER BEDFORD: What I am  
17 trying to wrestle with is the thought process. If  
18 we're going to go to a new position that TVA will  
19 not be responsible for the full cost, you know, what  
20 methodology have you thought about if you're just  
21 going to deal with this one issue then about, you  
22 know, how much should the marinas pay, how much  
23 should the fishermen pay, how much should the  
24 tourists pay, how much should the boat users pay,  
25 how much should just the landowners pay. I mean, if

1 you're going to say TVA will not pay the full cost,  
2 who have you identified as people who ought to pay  
3 the other cost?

4 MR. BRUCE SHUPP: What we have  
5 identified is the fact that -- we've recognized that  
6 each situation will be different. Guntersville is  
7 going to be different than Chickamauga and  
8 Chickamauga is going to be different than Nickajack.  
9 There will be different motivations, different  
10 goals, and different players who are dynamic in the  
11 process of wanting something done.

12 In those deliberations, you know, TVA  
13 may say with a smaller expenditure of dollars, look,  
14 we will handle this, we -- this is a \$30,000  
15 program, we can take care of this. On the other  
16 hand, some other level of government may say, we  
17 want this done so badly, if you accept the  
18 responsibility to develop the plan, implement the  
19 plan, we will help you with the funding. So those  
20 negotiations, Roger, are what we thought would come  
21 out during the deliberations between the  
22 stakeholders.

23 The Guntersville's situation, there  
24 was a subcommittee from the stakeholder group that  
25 examined options for funding, and they did a

1 thorough job of looking at a lot of different  
2 options, and they discounted all of them obviously  
3 or there would be something going on right now.  
4 Those included developing a tax district, charging  
5 user fees similar to what we saw in Swain County for  
6 payback through users of the system, assessing taxes  
7 to shoreline property owners, and there was some  
8 other concepts, and they rejected all of those. In  
9 my opinion, those could all be reexamined.

10           In other parts of the country, tax  
11 districts for lake management are being used to fund  
12 not only plant management but other types of lake  
13 management. I'm not talking about just shoreline  
14 tax districts, I am talking about watershed  
15 districts to manage problems within the whole  
16 watershed.

17           So you can look at those things and  
18 reexamine them again. There's an option of federal  
19 money, that was another option that came out from  
20 the Guntersville group that they are -- going to ask  
21 their federal representatives to provide them with  
22 an appropriation that would come to them and then be  
23 paid to TVA to be part of the process. So there are  
24 still options they are looking at, but you can see  
25 the option that's been selected now is to suggest to

1 the Council that we recommend to TVA that they spend  
2 all the money.

3 SENATOR ROGER BEDFORD: The last  
4 question I had was on a different track. Did  
5 you-all look at or give any thought about making a  
6 recommendation for TVA to work with the various  
7 states along the river for developing model  
8 legislation and model regulations that are  
9 compatible through each state, because it appears  
10 obviously we have found out through this gathering  
11 of information that different states have different  
12 laws and regulations, everything from runoff to  
13 harvesting and carp and everything else?

14 MR. BRUCE SHUPP: No. We recognized  
15 the differences, but, no, we didn't propose a joint  
16 project. I think that's a terrific idea. I think  
17 it would be very difficult to achieve with the  
18 various interests of the states, but it would be  
19 certainly a goal that would be worth pursuing.

20 SENATOR ROGER BEDFORD: Thank you.

21 MR. JIM CREIGHTON: Bruce, I feel  
22 some obligation to the public to give them an  
23 opportunity to speak before lunch since that's the  
24 time block we described to them. What I would like  
25 to do, if I could, give them an opportunity to

1 speak, have lunch, after lunch we will come back to  
2 Council questions and allow time for it. I do  
3 have -- is that acceptable, because we did make a  
4 commitment to them that this is the time period we  
5 would do it in. So you will be back on after lunch.

6 I will just read them in the order  
7 that I was handed them, and I won't worry too much  
8 about time limits, although, bear in mind, we're  
9 about 45 minutes behind on our agenda.

10 The first person is John Skipper,  
11 Field Representative for Congressman Robert  
12 Aderholt. Use the microphone there, that allows our  
13 court reporter here to be able to hear you and so  
14 on.

15 MR. JOHN SKIPPER: My name is John  
16 Skipper. I work for Congressman Aderholt out of his  
17 Gadsden office as a field representative.  
18 Mr. Barnett is right, the Congressman did speak with  
19 him yesterday regarding this issue, and he is very  
20 concerned about it and hopes that we can all work  
21 together and try to strike some kind of balance  
22 between anglers and stakeholders and the various  
23 interest groups.

24 So he looks forward to working with  
25 you to try to assist in any way, whether it be

1 funding or appropriation requests or anything along  
2 those lines. So I am just here to gather  
3 information and report back to him on how things go  
4 and what the recommendation looks like.

5 DR. STEPHEN SMITH: Can I question --

6 MR. JIM CREIGHTON: Sure.

7 DR. STEPHEN SMITH: One issue that  
8 came up, I think, fairly strongly within our  
9 subcommittee and I think is something -- and I don't  
10 want to speak for everyone else, but I feel there is  
11 a fairly strong opinion about it, that the  
12 willingness to encourage TVA to incur all the cost  
13 is directly tied to the willingness of Congress to  
14 reappropriate money for non-power programs.

15 And I think that our feeling very  
16 clearly is that if Congress would not advocate its  
17 responsibilities to fund TVA non-power programs,  
18 then much of this issue would not be the situation  
19 we're in now.

20 And I guess if there's any message  
21 that I would like to communicate back to the  
22 Congressman is that we need to see more action on  
23 the part of Congressional representatives who are on  
24 the appropriations committee to regain that  
25 legitimate part of federal appropriations that has

1 been lost, and this would not be the issue that  
2 we're dealing with. So I think if there's any  
3 message it would be that we would certainly like to  
4 see a stronger effort to regain the federal  
5 appropriations that are necessary to fund what are  
6 clearly federal responsibilities in managing the  
7 river.

8 MR. JOHN SKIPPER: I appreciate you  
9 saying that and raising that point, and I will be  
10 sure to emphasize that to him when we discuss the  
11 issue in the next few days.

12 MR. JIM CREIGHTON: Thank you. I  
13 will also note that I saw lots of heads nodding on  
14 that. There seem to be a number of folks that  
15 wanted to join that.

16 MAYOR EDDIE SMITH: There seems to be  
17 a consensus of the Council, unless I hear somebody  
18 objecting to that. So you can take that back also  
19 as a consensus.

20 MR. JOHN SKIPPER: A unanimous  
21 suggestion?

22 MAYOR EDDIE SMITH: Yes.

23 MR. JIM CREIGHTON: Our next speaker  
24 is John Noel. He has his own company, the John Noel  
25 Company. He's from the Tennessee Environmental

1 Council. I guess we have handouts that will be  
2 coming around.

3 MR. JOHN NOEL: Mr. Chairman and  
4 Members of the Stewardship Council, thank you for  
5 allowing me to appear before you. I am both a  
6 businessman as well as a conservationist. I have  
7 probably 25 years of history of dealing with water  
8 issues and land issues and also a little over 35  
9 years of history of owning my own company and being  
10 in the investment real estate business.

11 I am knowledgeable with water issues,  
12 I don't consider myself an expert, but I have taken  
13 on certain issues, including the leadership and  
14 helping clean up the Pigeon River in East Tennessee,  
15 and I have seen firsthand what happens to water when  
16 people don't pay attention to it.

17 I wanted to thank you today for the  
18 time and the energy that you-all spend on this  
19 committee. I know it's a time commitment for you.  
20 You have come a long way, and I encourage your  
21 continued participation, and also to TVA for opening  
22 up this public process and allowing people to be  
23 here to discuss this very important issue.

24 You know, as I see it, your  
25 responsibility on this committee covers the Nation's



1 fifth largest river system complete with the most  
2 biological diversity for fresh water in the United  
3 States, with the exception of several coastal states  
4 who have some saltwater influence. This is the hot  
5 spot.

6 I have given some maps to start  
7 moving down the table that were prepared actually by  
8 the Nature Conservancy, which emphasizes how  
9 important our area is. If you will look at the dots  
10 in red and the things that show up on these maps,  
11 you can see that in particularly one map it shows  
12 that the biological diversity here centers right  
13 dead in the middle of where TVA's regions run.

14 Mussels and things like that are very  
15 effective. This is the hottest spot in the whole  
16 world for this kind of thing. The difficulty with  
17 this is mussels are much like the Canaries in the  
18 mine, they are the ones that catch the very toxic  
19 and most polluted things and begin to deteriorate  
20 quicker. And when you lose your mussel species, and  
21 we have lost tons of them, you begin to lose the  
22 remaining life species that follow behind them. So  
23 it's a great signal to pay attention to. And if you  
24 will look at all of those maps, we're right smack in  
25 the middle of most everything, including endangered

1 species.

2           For 25 years I have watched the  
3 encroachment of the increasing people population,  
4 the conflicting interests, and the two-cycled  
5 motorized recreational vehicles, all of which  
6 cumulatively have overwhelmed the fundamental  
7 ecological system on which all life depends.

8           I'm here to emphasize and to remind  
9 you, as members of the Council, that I perceive your  
10 No. 1 priority here on this Council and the job that  
11 you have here is to protect the best interest of  
12 these natural resources and to allow that the  
13 conflicting recreational and private ownership  
14 issues to be addressed secondly, or if you wish,  
15 lastly.

16           When TVA created the impoundment of  
17 these natural streams, this served a clear public  
18 interest, and simultaneously, it created an  
19 involvement of environmental problems, hence, here  
20 you sit and this is one of the things that we are  
21 addressing.

22           I'm a property owner on a  
23 recreational lake. I have a four-cycle EPA approved  
24 outboard engine on my boat and am directly familiar  
25 with the lake level and recreational issues. I,

1 too, enjoy all of these, so I stand here  
2 representing to you that I understand this process  
3 for which people are concerned.

4           Today I represent and am requesting  
5 that you place my personal interest and my personal  
6 pleasure as a property owner and as a lake person  
7 secondary and that you place the highest priority on  
8 the water quality itself. Lake levels and related  
9 issues are important but only in the moment.

10           Life, as we knew it and know it, has  
11 existed for thousands of years, and the two-cycle  
12 engine, for example, and second homes and other  
13 pleasure-related agenda have existed for some 70  
14 years. Cumulatively the rapidly expanding  
15 population is placing enormous pressures on our  
16 natural resources. The impounded water that we  
17 have -- that you are addressing suffers even more.

18           On this Council I request you to  
19 think first of the water and its quality, and then  
20 address the other issues as they come.

21           Now, I am no expert on water quality,  
22 but I have been around, and if there are any of you  
23 that would like to ask me any questions, I would  
24 like to respond to those questions, as I do have a  
25 clear handle on both the business community as well

1 as the environmental community.

2 Any questions? I will be happy to  
3 respond.

4 Thank you, Mr. Chairman. I  
5 appreciate you allowing me to speak before you.

6 MR. JIM CREIGHTON: Thank you very  
7 much. Our final speaker is Bradford, I can't tell  
8 whether it's McCarer or McClare, who's the Executive  
9 Director of the Alabama River Alliance.

10 MR. BRADFORD MCLANE: It's Bradford  
11 McLane. I have terrible handwriting.

12 Thank you, Mr. Chairman, Members of  
13 the Council. I just told a couple of friends and  
14 colleagues that I was prepared to set a personal  
15 precedent by allowing an opportunity for public  
16 comment without saying anything, I will have to set  
17 that precedent on another thing, because based on  
18 the discussion I heard I felt compelled to say a few  
19 brief words.

20 The first point that I want to make  
21 is I would like to just reinforce the point made by  
22 Stephen Smith, that if Congress were to fund the  
23 non-power programs this would be a very different  
24 debate, and certainly, we support congressional  
25 funding of these very important environmental

1 non-power programs.

2 But the second point that I want to  
3 make is that even if we do not secure that  
4 congressional funding, that it is very important  
5 that we -- that you adopt the recommendation as it  
6 is put forth before you. Many Congressional  
7 programs do include a local match so that Congress  
8 does not bear the entire weight of funding important  
9 programs. TVA's funding is limited and local  
10 governments are going to be more invested in a  
11 program where they are providing some cost share.

12 Now, I wish to point out that if you  
13 look at the recommendation this committee has put  
14 before the Council, our committee, it simply says  
15 that TVA should not -- that TVA ratepayers should  
16 not bear all of the costs. And on behalf of the  
17 Alabama Rivers Alliance, I would say that we would  
18 like to see TVA bear a substantial amount of the  
19 cost, that there is some wisdom in local  
20 governments, local users bearing some percentage of  
21 the cost.

22 If I understand our recommendation  
23 correctly, in a specific instance a local government  
24 or users could provide one percent or two percent of  
25 the cost. Simply the recommendation that is before

1 you is that the ratepayers should not provide all of  
2 the costs, and that it is left up to the specific  
3 situation for TVA and the stakeholders and  
4 interested local governments to negotiate.

5           So I stand behind the wisdom of the  
6 proposal that is before you. I think Bruce Shupp  
7 and many of the members of our committees have put a  
8 lot of good thought into it and hope that you will  
9 support the recommendation as is and appreciate your  
10 consideration of my comments.

11           I will be happy to answer any  
12 questions, if you have any. Hearing none, thank you  
13 very much for your time.

14           MR. JIM CREIGHTON: I think it may be  
15 best to go ahead and go to lunch now so that once we  
16 get back to questions we have continuity to it and  
17 so on. So can you look at your watches and figure  
18 out what an hour is from now on your watch and be  
19 back then?

20           (Lunch recess.)

21           MR. JIM CREIGHTON: Okay. We are --  
22 through my estimation of where we are, we are now  
23 back to period one, having done period two. We're  
24 back to period one, getting an opportunity for  
25 Council members to ask questions of either the

1 subcommittee or of TVA, request for information at  
2 this point rather than statements of opinion, and  
3 then we will move to -- we will have a point at  
4 which that clearly ends, and then we will move to  
5 Council's deliberations.

6           Bruce, do you want to take it,  
7 although --

8           MR. BRUCE SHUPP: Ann?

9           MS. ANN COULTER: I also, like Roger,  
10 want to say that I -- as a subcommittee member of  
11 another -- as a member of another subcommittee, I  
12 can really appreciate the work and the fact-finding  
13 that's gone into this, especially thinking through  
14 the process.

15           I have a question with regard to one  
16 part of the recommendation. What is the -- what is  
17 the impression that the subcommittee members have  
18 about the willingness of the various stakeholders  
19 that you mentioned, local, state, federal government  
20 agencies and so forth to be a part of this kind of a  
21 negotiating process?

22           Do you have a sense of the  
23 willingness that would exist should this  
24 recommendation move forward through to TVA and then  
25 have some standing?

1 MR. BRUCE SHUPP: You're talking  
2 about the willingness to become part of a  
3 stakeholder team or the willingness to become a  
4 financial partner or both?

5 MS. ANN COULTER: Well, I'll go back  
6 to your terminology, to negotiate, for the  
7 administration, implementation, and funding  
8 responsibilities.

9 MR. BRUCE SHUPP: Well, the only  
10 group in the TVA jurisdiction that I have worked  
11 with has been the Guntersville group, and as far as  
12 their willingness to be part of a planning team,  
13 absolutely, I mean, they were 100 percent behind  
14 that.

15 If there's -- you know, there's  
16 probably some stakeholder groups that would be more  
17 reluctant than others, but the ones we had involved  
18 was a pretty diverse group and were very willing,  
19 including the mayors of those cities on opposite  
20 ends of the lake who participated in almost every  
21 meeting.

22 SENATOR ROGER BEDFORD: I thought Ann  
23 asked about paying rather than being stakeholders.

24 MR. BRUCE SHUPP: I couldn't hear  
25 you, Roger.



1           SENATOR ROGER BEDFORD: I apologize,  
2 Bruce, I'm speaking out of turn, I didn't mean to,  
3 but it was a follow-up. I think she was inquiring  
4 not about being a stakeholder but about paying the  
5 cost.

6           MS. ANN COULTER: Part of your  
7 recommendation says that the administration,  
8 implementation, and funding responsibility will be  
9 negotiated among various parties. What I'm trying  
10 to get at is: What is your sense of how willing  
11 those players are to being negotiated with or being  
12 actually a part of a negotiating group?

13           I mean, their willingness to  
14 negotiate, that already implies, I think, a certain  
15 sense of responsibility for being a joint part of  
16 the solution.

17           MR. BRUCE SHUPP: Again, my own  
18 experience with Guntersville, they were very willing  
19 to negotiate. They looked and they examined other  
20 alternative funding for local contributions where  
21 they could become part of the process and pay some  
22 of the money and exhausted their alternatives by  
23 saying that none of them would work or could work at  
24 that time.

25           Now, whether they went back and

1 relooked at it -- and they looked at just about  
2 every alternative. And I think, you know, if, in  
3 fact, the policy is adopted as we suggested, that  
4 they would have to relook at that again obviously,  
5 but they were willing to do it, they just discounted  
6 the need at the time to find a way to provide local  
7 funding support.

8 MR. JIMMY BARNETT: You know, two of  
9 the responses that I read into the minutes of the  
10 meeting indicated that they thought TVA really ought  
11 to fund the whole thing and then not have to worry  
12 about it. Well, as a power distributor, that means  
13 my customers are going to do that, and I am  
14 reluctant to see that happen.

15 I think their willingness -- nobody  
16 wants -- I can't feature a particular stakeholder  
17 group being totally enthusiastic about paying for  
18 anything or any part of anything. So I think that  
19 will be a problem.

20 On the other hand, I'm not ready to  
21 go along with something myself that could cause my  
22 ratepayers an unlimited amount of money because  
23 we're not setting any limits on the -- we're not  
24 saying, you know, 500,000 or \$1,000,000, or a  
25 million two last year.

1           The two representatives I talked to,  
2 either the person themselves or the staff office, they  
3 were interested in seeing level funding, which would  
4 be about the same funding we had last year, a  
5 million two, as I understand.

6           So we didn't do that nor the  
7 committee didn't say that, we said negotiate. And  
8 Mr. McLane said, you know, it could be one percent  
9 or two percent. If I am in there, it would probably  
10 be -- I would hope for it to be more than that  
11 because I would hate for my ratepayers to pay the  
12 whole thing. If you're talking about \$3,000, that's  
13 one thing. If you're talking about \$30,000, that's  
14 something else. If it's \$300,000, that's even a  
15 different thing.

16           MR. BRUCE SHUPP: Lee and then Paul.

17           MR. LEE BAKER: Bruce, I think I am  
18 going to express the same concerns Jimmy has. I  
19 have some real reservations about the outcome of any  
20 negotiations with those parties. I know who is  
21 going to suffer, and that's my ratepayers are going  
22 to suffer and to -- plus, we see this in a lot of  
23 things we do. When you're spending somebody else's  
24 money, I mean, everybody wants to be involved in  
25 that. The real commitment comes when you're able or

1 willing or you make the commitment to put some money  
2 of your own to it.

3 I wouldn't find one percent even  
4 enough to keep the negotiations serious as far as  
5 what needs to be done or what is cost justified.  
6 Everything we do in our business is cost justified,  
7 and it better be a good plan for the customer.

8 I have some real concerns about  
9 making suggestions that could strap TVA, and hence,  
10 my customers with those uncertain costs forever and  
11 ever and unending, because I can assure you, if they  
12 are picking it up -- if our customers are picking up  
13 the tab, there's no limit to what we can be asked to  
14 do or asked to fund, and we may find ourselves at  
15 some point down the road similar to California.  
16 When the lights start going out, then all of a  
17 sudden folks will then probably turn right around  
18 and blame us for the very situation they put us in.  
19 So I have some real reservations about just saying  
20 we're going to negotiate, because I know how  
21 negotiations with those parties would turn out.

22 MR. BRUCE SHUPP: I want to caution  
23 you, we're getting into deliberations, and I think  
24 we should exhaust questions and then we can go right  
25 into deliberations, and I think that's where you

1 want to go anyway.

2 Paul, is yours a question or  
3 deliberations?

4 DR. PAUL TEAGUE: I don't know which  
5 it is. It's based on Roger and Ann's statement, and  
6 I got the sense that Ann was asking the question  
7 that I am going to ask, what is the possibility,  
8 X'ing out stakeholders, of the people like the Corps  
9 joining in on this? And Kate might be able to  
10 answer that.

11 MR. BRUCE SHUPP: I can't answer  
12 that. Kate, do you want to take a whack at that?

13 DR. KATE JACKSON: (Moves head from  
14 side to side.)

15 DR. PAUL TEAGUE: No. 2, in addition  
16 to that, and this may be deliberation instead of  
17 just asking a question, it sounds like aquatic  
18 growth is approaching an epidemic. It's  
19 Guntersville, Pickwick, Nickajack, and it's going to  
20 be an epidemic. And when you get into an epidemic,  
21 somebody has to step up to the plate and it has to  
22 be dealt with.

23 MR. BRUCE SHUPP: I don't believe  
24 it's an epidemic yet in the TVA system. It  
25 certainly is a big problem in Guntersville. The

1 other reservoirs have varying rates of infestation.  
2 And most of that is probably due to the low water we  
3 have had in the last couple of years, particularly  
4 this year.

5 Now, if you want to see infestation  
6 you can go to Texas or Louisiana where there are  
7 some even more obnoxious weeds than we have got here  
8 and where control has been somewhat limited in some  
9 cases and where you're looking multi-bagillion  
10 dollar control programs just to get back what has  
11 been lost. So, you know, this is not an epidemic  
12 based on other parts of the country where the  
13 situation is a lot worse.

14 DR. PAUL TEAGUE: But if it's as bad  
15 as we say, and I think it is, then it is approaching  
16 or is going to be an epidemic if somebody doesn't  
17 step to the plate.

18 MR. BRUCE SHUPP: Well, somebody has  
19 stepped to the plate. TVA stepped to the plate two  
20 years ago in Guntersville and started getting that  
21 situation under control. If we ever got into a wet  
22 series of years, maybe two or three, four years of  
23 above average rainfall, that vegetation that's now  
24 covering 15 to 17,000 acres would probably shrink  
25 back to eight to 10,000 acres. At that point TVA

1 would get blamed for overkilling the vegetation, but  
2 nature will have taken its course.

3           It's going to fluctuate. It will go  
4 up to 20, 22,000 acres in real bad systems and it  
5 will go probably right back down to seven or 8,000  
6 acres when the flows are high and the sunlight is a  
7 lot less during, you know, a couple year period. So  
8 it's going to fluctuate anyway, but during these  
9 peak years of abundance TVA has stepped to the plate  
10 and managed the problem areas while allowing the  
11 rest of the area to maintain vegetation, which is  
12 what the ecosystem needs.

13           So they have stepped to the plate.  
14 It's a question now of adopting a policy that tells  
15 them where we would like to see them go as far as  
16 into the future, I think that's where we're at.  
17 They have stepped to the plate. I am impressed with  
18 the way they stepped to the plate. And I was part  
19 of that stakeholder team in Guntersville, so I am  
20 looking at it with another hat at that point.

21           DR. PAUL TEAGUE: Thank you.

22           MR. BRUCE SHUPP: Any more questions?

23 We'll move into deliberations, Jim?

24           MR. JIM CREIGHTON: I think we can.

25 Let me mention to you as we move into deliberations

1 that our court reporter and our PA folks have both  
2 asked me, please be sure to take turns because if  
3 you start talking over each other, one, they won't  
4 be able to get your mics switched on in time and the  
5 court reporter goes bananas when she has two people  
6 speaking at once. So I would ask that you -- be  
7 clear that you take turns.

8 So anything final from that  
9 subcommittee before we begin deliberations?

10 MR. JIMMY BARNETT: I'll make one  
11 more comment that the two representatives made to  
12 me. I asked them about going back and trying to  
13 obtain funding from the federal government for the  
14 non-power programs, and they thought that would be  
15 exceedingly hard to do but that there might be a  
16 possibility of getting federal funding for some  
17 specific things, like perhaps weed control. I just  
18 wanted to report to you-all that's what they said.

19 MR. JIM CREIGHTON: Okay. We then  
20 are open for discussion, deliberations, and so on.  
21 Our objective here is to try to reach some kind of  
22 an agreement. You have in front of you the  
23 recommendation of the subcommittee.

24 Who would like to go first? It does  
25 help if you do the card bit.



1           MR. AL MANN: Mr. Chairman, I feel  
2 that the funding responsibility of the weed  
3 situation falls directly on TVA and not on local  
4 stakeholders. You know, TVA owns the lake and they  
5 own the ground and they own the land around it, so I  
6 really feel that way. At the same time, I don't  
7 think it should be the responsibility of the  
8 ratepayers either, but probably on a short-term  
9 basis it may have to be.

10          MR. JIM CREIGHTON: So you're in kind  
11 of a dilemma because you don't think it should be  
12 the ratepayers but there's nobody else around.

13          MR. AL MANN: At the moment.

14          MR. JIM CREIGHTON: Who else?

15          MR. BILL FORSYTH: I would just like  
16 to point out here that the way I read this, the only  
17 reason given for spending ratepayer money is safe  
18 navigation, provide convenient safe public use and  
19 access, and to maintain the economic stability of  
20 the local communities, and I will submit that's all  
21 that the folks from Swain County are asking.

22          MR. JIM CREIGHTON: Now, let me  
23 check, is that -- are you trying to point that out  
24 in relation to this issue?

25          MR. BILL FORSYTH: In relation to

1 other issues.

2 MR. JIM CREIGHTON: Other issues as

3 well, okay. Roger?

4 SENATOR ROGER BEDFORD: Thank you.

5 Two thoughts on this. One is I believe it is TVA's

6 responsibility, and I think -- I'm very comfortable

7 with everything about this recommendation except the

8 cost formula and the cost factor, and that's for a

9 number of reasons.

10 One is, I think that when the

11 gentleman said, to paraphrase, we don't need any

12 federal appropriation dollars, he really didn't

13 understand the impact of where that would eventually

14 end up.

15 If we start saying TVA will no longer

16 be responsible for the cost of weeds without having

17 in place an agreed-upon formula for the stakeholders

18 having to pay it, then you start down that road

19 again with no understanding of where the road is

20 going to end.

21 Secondly, if we set this as a

22 precedent, then how much are we going to start

23 charging the landowners who want the lake levels to

24 remain up for 30 more days because the ratepayers

25 are going to pay for that?

1           How much are we going to start  
2 charging the barge owners because the weeds are out  
3 of their way and they are able to go up and down or  
4 the fishermen because they have got good fishing  
5 habitat?

6           And then once you've set this  
7 precedent as well saying, this is what we recommend  
8 for weeds, what are we going to recommend for  
9 mussels? What are we going to recommend you pay for  
10 the other items that TVA has to deal with?

11          The ratepayers already are paying for  
12 this through no choice of their own when Congress  
13 cut back the funding. So it concerns me from two  
14 points about the funding. One is there is no  
15 formula in place, so there's no understanding of  
16 where you're going to end up. And secondly, the  
17 precedent it sets, if we endorse this for weeds,  
18 then we have okayed this model to work for other  
19 items that have to be dealt with.

20          And then a positive thing -- well, I  
21 see that positive, too, but another thing I would  
22 suggest we add is, I like the point about  
23 recommending that we go to Congress through the TVA  
24 and we recommend funding for aquatic control for two  
25 reasons. One is it's needed, it keeps it off the

1 ratepayers' back, but the flip of it is, if you can  
2 get the precedent set for getting it for aquatic  
3 control, then you open the door to come back in for  
4 other items for federal funding.

5 Thank you.

6 MR. PHIL COMER: Well, on the heels  
7 of that, I would like to say I agree with what Roger  
8 just said 100 percent. It's very important, it goes  
9 way beyond the weed control issue. It sets a  
10 precedent one way or the other for myriad of other  
11 things.

12 I have had a few very limited  
13 discussions in the last seven or eight months with  
14 other members of this Council about the lost  
15 non-power funding that occurred within TVA this  
16 fiscal year and the prior fiscal year and so forth,  
17 and most of us are familiar with how that all came  
18 about. We're familiar with the genesis of it and  
19 how it started in early 1997 when the Chairman of  
20 TVA went before Congress, and, in effect, said, we  
21 don't want any more of your funding, and there's  
22 many people -- several people who have appeared  
23 before us have pointed that out.

24 It seems to me -- let me add this  
25 before I make my corollary recommendation to what

1 Roger said. I have talked to more than one U.S.  
2 congressman from East Tennessee on this subject, and  
3 more than one of them has indicated to me that they  
4 sincerely believe that the time will come, and I'm  
5 choosing my words very carefully here because I  
6 can't put a time for certain on this, where such  
7 funding from the federal government will be resumed.  
8 They recognize that these non-power things should  
9 not be paid by ratepayers, because they're not in  
10 other parts of the country where navigation and  
11 certain other things are paid for differently by  
12 appropriations through the Army Corps of Engineers,  
13 et cetera.

14           And I believe that within a  
15 reasonable near time frame, I don't know how to be  
16 any more specific than that, that there will be a  
17 resumption of a federal funding, not just for this  
18 one item, but for many of these things because they  
19 cannot down the road all be borne by ratepayers, nor  
20 should they be.

21           So I think that -- I would recommend  
22 to this subcommittee and to the Council as a whole  
23 that -- let's don't sit here and assume that this  
24 other kind of funding is gone forever just because  
25 it was taken away. I think it can be returned, and

1 I think it can be returned by our respective U.S.  
2 Congressmen and Senators and that we should start  
3 focusing more effort and recommendations in that  
4 direction, and this being one of many things that  
5 are going to come down the -- whether it's zebra  
6 mussels or other things that should not be funded by  
7 ratepayers.

8 MR. JIM CREIGHTON: So your belief is  
9 to the extent this recommendation is predicated on  
10 no congressional funds, you're not sure that  
11 assumption will remain valid in the future.

12 MR. PHIL COMER: I am recommending  
13 that we go on the opposite and begin saying that  
14 we're going to start urging our respective  
15 Congressmen and Senators to renew that funding and  
16 not just suddenly, here's \$50,000,000 or here's  
17 \$100,000,000, but that for each year when they  
18 prepare their budget that TVA should include a  
19 million two or two million five, whatever it is, in  
20 a line item type budget for weed control or a myriad  
21 of other things.

22 And I believe that if that starts  
23 being our focus, instead of sitting here saying,  
24 well, gee, somehow it's going to happen, I think we  
25 can achieve it and urge these Congressmen and

1 Senators to do it sooner rather than later, but this  
2 one percent and two percent business is tokenism,  
3 and that isn't worth the time it would take to spend  
4 trying to negotiate it, if what I hear from some of  
5 the -- one of the commentators, that, well, TVA  
6 ought to do 98 or 99 percent of it. Well, that's  
7 like saying ratepayers ought to do 98 or 99 percent  
8 of it, and I don't think they should. I think it  
9 should be completely back to the old -- except not  
10 these lump sum appropriations, it should be a line  
11 item budget that TVA comes up with each year. And  
12 we should lend our respective influence within our  
13 own respective states to getting our own respective  
14 Congressmen and Senators to begin supporting that  
15 idea.

16 MR. JIM CREIGHTON: Bruce?

17 MR. BRUCE SHUPP: Speaking now as a  
18 Council member and not a subcommittee member. I  
19 agree 100 percent that the responsibility for plant  
20 management in reservoirs should be borne by the  
21 managers of those reservoirs, whether it's the Corps  
22 of Engineers or TVA or a private utility company or  
23 water authority, whatever it is.

24 The problem we have at the present  
25 time is TVA isn't being treated fairly, obviously.

1 They are not a federal agency, they are a federal  
2 corporation, and they don't -- in the interim period  
3 until appropriations could be achieved are we  
4 willing to say in this policy, and that's what I'm  
5 asking Phil and the rest of the Council, are we  
6 willing to say in this policy that TVA should assume  
7 all costs of aquatic plant management until such  
8 time as there are federal appropriations to lessen  
9 those costs, because that's essentially what I'm  
10 hearing from the last several speakers.

11 And if we're not willing to say that,  
12 then we have to take some other alternative, which  
13 is where the subcommittee ended up by saying that  
14 TVA has responsibility to negotiate with the  
15 stakeholders to try to come up with some money to  
16 share the cost, so that's where we are at this  
17 point.

18 I think in principle, I agree  
19 100 percent, it's their responsibility as a federal  
20 agency, but they aren't a federal agency, they don't  
21 have the money.

22 So where do we go from that point?

23 MR. JIM CREIGHTON: Okay. I'm going  
24 to call them in the order I saw them, which were  
25 Steve, Al, Jim, Elaine.



1 DR. STEPHEN SMITH: A couple of  
2 points. One, I tend to agree with what Roger and  
3 Phil have said philosophically that, you know,  
4 clearly this is TVA's responsibility, it's a federal  
5 responsibility, and it should be borne -- I think  
6 the question that I want to get back to is something  
7 that Roger brought up, because I think it's going to  
8 be something that comes up repeatedly, and then I  
9 want to make a couple of points that went through my  
10 mind as part of the subcommittee when we were  
11 looking at this.

12 How will we look at expenses that are  
13 going to occur? I think the thing that the  
14 committee needs to keep in mind is that this is the  
15 first sort of expenditure that this committee is  
16 recommending. It's not in the grand scheme of an  
17 agency with a seven billion dollar revenue stream and  
18 enormous amount of money, it's one to \$2,000,000,  
19 but I think what you will start seeing is when these  
20 recommendations start coming in, you're going to  
21 start seeing this little ca-ching, ca-ching,  
22 ca-ching, and it's going to start to add, and I  
23 think we just need to be aware of that in the  
24 deliberation of this discussion.

25 The other point is that when you're

1 looking at zebra mussels or you're looking at  
2 navigation, there are things associated with  
3 managing the reservoir that I think accomplish a  
4 greater public good. And I'm putting this out as  
5 just a thought to encourage conversation. I'm not  
6 saying that I'm necessarily 100 percent wed to this.

7         So if you have a public access area,  
8 like a boat ramp, or you have a park in front of a  
9 city, you may need -- TVA has the responsibility for  
10 the greater public to good clean those areas up and  
11 keep the weeds out.

12         Now, if you go into a sort of ritzy  
13 lakefront development a little bit further  
14 downstream that's got \$100,000 homes up there with  
15 docks and everything like that, I'm not necessarily  
16 sure that I agree that that is a responsibility that  
17 each ratepayer should necessarily bear totally, that  
18 maybe those folks who they are -- they are deriving  
19 a unique benefit because they have that unique  
20 access to that lakefront property, maybe they should  
21 help share a little bit of the responsibility for  
22 opening that area up so they can -- because they  
23 have, again, unique access. Obviously, they have  
24 more means than others and other things like that,  
25 and therefore, maybe they should share in the

1 responsibility, maybe not, I don't know.

2           But I think what we were looking at  
3 in some of the deliberations we had was the  
4 stakeholders can kind of work those things out  
5 through a process, and it may be that they come to  
6 the conclusion that some people could actually do  
7 more but that TVA has a responsibility for the  
8 public components of that.

9           And I think when you start getting  
10 into things like zebra mussels interfering with  
11 public waterway access or if you get into things  
12 dealing with endangered species you get into, some  
13 of these things are sort of considered the commons  
14 or the greater public good, and then there are some  
15 things that are unique to property owners and other  
16 things right up front on the waterways. So I would  
17 make a bit of distinction in my mind there.

18           The other point that I would say is  
19 that if we in this committee talk about going after  
20 federal appropriations, which I completely agree.  
21 From my comment earlier, you know, I am strongly  
22 there with you, and I think we should all be much  
23 more aggressive about doing that, but if we  
24 constantly say, well, until then TVA is going to  
25 pick up the bill, who is going to motivate those

1 individuals to put that traction on their elected  
2 representatives?

3 I think Austin and I was talking and  
4 going over it at lunch, I find it hard to believe,  
5 given the kind of money that's being thrown around  
6 in Washington, that our delegation cannot get up  
7 there and get down to the business of getting us 30  
8 to \$50,000,000 back into the non-power program.  
9 We're not talking about an enormous amount of money.

10 Yeah, Craven Crowell screwed up.  
11 Yeah, the Northwest -- Midwest Institute was after  
12 TVA for a couple of years, the politics changed, and  
13 we need to create the tension, and I think by just  
14 saying carte blanche, we're going to pay for  
15 everything, you're not going to keep that collective  
16 tension on those elected representatives.

17 So to me there's some advantage in  
18 wiring into the proposal the need to challenge and  
19 keep the monkey a little bit on the backs of local  
20 governments to keep the pressure on politicians to  
21 make sure the politicians do their job, which is to  
22 secure that money. So in some ways I think we need  
23 to be careful that we don't, you know, make it too  
24 easy to where the traction is not there, that's just  
25 some of the thoughts that went on in my mind as we

1 developed this proposal.

2 MR. JIM CREIGHTON: Just so you know,  
3 what I am doing here is writing down who I have  
4 seen, and I have got quite a list here. I have Al,  
5 Jimmy, Elaine, Eddie, Phil, Roger, and Austin, just  
6 so you know that I know you're there.

7 MR. AL MANN: Stephen, in the past  
8 how was it handled for lakeside property owners as  
9 far as weed cleanup?

10 DR. STEPHEN SMITH: With the federal  
11 appropriations.

12 MR. AL MANN: Okay. And then to  
13 Bruce, my question is, should we put a time limit as  
14 to how long ratepayers' money should be used?

15 MR. BRUCE SHUPP: That's a good  
16 question. I was just thinking, should we attempt to  
17 put the fiscal strategy of this policy at the end of  
18 it and try to bring out this philosophy rather than  
19 a straight direction, just the philosophy of the  
20 Council is that it's TVA's responsibility as a  
21 federal entity, however, without the appropriate  
22 funds -- but I don't know about a timetable.

23 I would think if TVA -- if we're  
24 saying, you should pay the bill until you figure out  
25 some other way to pay it, I would think that would

1 be putting pressure on TVA to move pretty quick into  
2 some other funding strategies, whether it's local  
3 strategies or federal strategies.

4           Maybe that's our role on the Council,  
5 I mean, we're telling them it's their responsibility  
6 to take the lead and get the job done and we think  
7 they're responsible for paying the bills until they  
8 figure something else out, maybe that's our role as  
9 a Council, and then let the Board figure out how  
10 they want to handle it politically and  
11 negotiation-wise with local communities. I mean,  
12 maybe that's as far as we have to go as advisors.

13           MR. AL MANN: I would like to hear a  
14 comment on that.

15           MR. JIM SUTPHIN: Basically I agree  
16 with the -- wholeheartedly with what's been said  
17 already, especially what Stephen said, that this, as  
18 it's written, will generate pressure on different  
19 organizations to participate and lobby for the  
20 return of some funding to TVA on a federal level.

21           I would like to add to that, that  
22 there are thousands upon thousands of ratepayers out  
23 there that will pay their electric bill and have no  
24 idea that they are paying for weed control in  
25 Guntersville or any other area and have no real

1 stake or interest in that, and many times those may  
2 be less fortunate people than the ones who are  
3 benefiting from it directly.

4           So just to drop everything and pass  
5 that off to the ratepayer by saying TVA is going to  
6 pick up the whole tab right now and hope something  
7 happens in the future is unfair to those thousands  
8 of people that aren't directly affected, especially  
9 the ones that are less fortunate.

10           What I think I have heard from some  
11 of the members here is incorporating something into  
12 this proposal that says, we also have as a goal to  
13 see the restoration of those federal funds for items  
14 such as this, the non-power items to TVA, leave this  
15 as it is, but incorporate something of that nature  
16 into it so that there is a written record that this  
17 Council supports the return of funding for those  
18 non-power programs.

19           MR. JIM CREIGHTON: You're proposing  
20 there be an addition to this?

21           MR. JIM SUTPHIN: Yes, sir.

22           MS. ELAINE PATTERSON: I also support  
23 the current proposal. On the committee I think we  
24 tried to find an equitable solution for the current  
25 fiscal climate that we're dealing in by not

1 burdening the ratepayers totally but having TVA  
2 accommodate the public spaces and then the direct  
3 beneficiaries, the stakeholders, find a way to work  
4 with them and have them participate in funding it as  
5 well. So I think this was an equitable solution to  
6 our current problem.

7           MAYOR EDDIE SMITH: Well, in looking  
8 at the wording of the policy that's suggested here,  
9 it says, funding strategies, to me it does not mean  
10 that TVA is going to solely fund that. It seems to  
11 me that what we should be thinking about and  
12 explaining to either the Swain County people who  
13 were in here this morning implying that we were  
14 saying that TVA is -- because that's not what we're  
15 saying.

16           What it seems to me is we -- that the  
17 policy is saying to me is that we work together in  
18 funding strategies, and I think in connection with  
19 that, that TVA would have the basic responsibility  
20 for saying, well, it's going to take \$5,000,000,  
21 \$10,000,000, \$50,000,000 or whatever, we can put in  
22 one-half of that or whatever you can, and then we  
23 need funding sources from other places, then we  
24 would have something to go to our congressional  
25 delegation and say, okay, we need this amount of



1 money in order to do this project.

2 I don't think this should be limited  
3 to this particular item because we're going to have  
4 a series of those when we get to the end of our  
5 recommendations, but it seems to me that that's the  
6 way I think we should approach this, that it does  
7 not mean that we really -- we really aren't saying  
8 that TVA is going to fund this, it's their primary  
9 responsibility for saying, okay, here's what it's  
10 going to take, this is how much we need to do that,  
11 and this is what -- you know, how much funding we  
12 have to find from somewhere else.

13 It may be that in that process  
14 some -- I certainly think that these counties and  
15 agencies that are saying, we don't want to help fund  
16 this, should help us get it through the  
17 congressional delegation to get it funded, and  
18 that's the way I think -- so basically the process  
19 given here seems to me to be pretty good the way it  
20 is, and that's the way I would interpret it. I  
21 could be wrong in that interpretation, but, you  
22 know, that's what I have to say.

23 Is that the intent of the committee  
24 when you made the report?

25 MR. JIMMY BARNETT: Yeah, we

1 discussed it in our subcommittee and came to this  
2 particular compromise, if you will, on the funding.  
3 Everyone thought something needed to be done about  
4 it, that was not the question. We tried to discuss  
5 what, and we finally decided to leave it up to the  
6 stakeholders and the experts to come up with, you  
7 know, a plan for doing something, a plan for  
8 Waterloo and Nickajack and all the different places.

9           When we started wrestling with the  
10 funding, of course, I have already stated that I, as  
11 a power man, would have some problems if we just  
12 stated we would do that. It's been my intention all  
13 along, I think I might have mentioned it in the  
14 first meeting, and I think I got sort of a consensus  
15 around the table then, that everybody here would be  
16 willing to go back and try to get the funding for  
17 the non-power programs, and, of course, I'm totally  
18 on the record as being for that and putting pressure  
19 on all of our stakeholders, all the people we  
20 represent to also put pressure on the political  
21 people and let's get that funding back.

22           MR. PHIL COMER: I want to make two  
23 comments, one responding to Stephen Smith or  
24 agreeing with what Stephen Smith said, we need  
25 somehow to figure out an interim short-term way to

1 get these things done, they can't be neglected for  
2 the next year or two or three years, but at the same  
3 time, as Stephen said, you have got to somehow keep  
4 the pressure or the incentive back on we, the  
5 people, to lobby with our respective Congressmen and  
6 Senators for this. We can't say, well, let's put it  
7 on TVA, and therefore, that will make TVA go to  
8 Washington, and therefore, seek the old method of  
9 funding.

10           TVA can't do that by themselves.  
11 They need we, the people. They need the 8,000,000  
12 ratepayers or those of us who have special  
13 interests, and if we leave it here, well, TVA is  
14 going to do it, as Stephen said, that will take the  
15 incentive away, so that's not a good thing.

16           Now, I want to suddenly give you one  
17 example, that for 67 years it has been left to the  
18 shoreline property owners, and it has not worked  
19 well at all. Ninety-nine percent of the private  
20 property along the shorelines with all of these  
21 fantastic \$100,000 houses that Stephen is talking  
22 about, and Stephen needs to go house shopping  
23 occasionally to find out a \$100,000 house is not so  
24 fantastic anymore.

25           SENATOR ROGER BEDFORD: Especially on

1 the lake.

2 MR. PHIL COMER: They are building  
3 one on one of the lakes I'm quite familiar with  
4 that's up to 4.2 million, you know, that's -- and  
5 that guy ought to pay for everything in front of his  
6 property, but shoreline erosion has virtually never  
7 been paid for by TVA in front of private property.  
8 I mean, that is the private property owners'  
9 responsibility to control erosion in front of your  
10 property by putting in riprap.

11 TVA will give you advice and tell you  
12 what kind of trees to plant, and this, that, and the  
13 other, but they have done precious little as far as  
14 actually spending TVA money on erosion problems in  
15 front of private property. I'm not talking about  
16 the property that TVA themselves own, Kate, but the  
17 private property, and I don't think it's worked very  
18 well at all, because except for the very, very rich  
19 who can build these fantastic \$100,000 homes, the  
20 erosion has just continued and on and on and on.

21 MR. JIM CREIGHTON: So you're saying  
22 if the burden is really on the homeowner?

23 MR. PHIL COMER: Yes.

24 MR. JIM CREIGHTON: Then you at least  
25 have one example to show that really won't work?

1           MR. PHIL COMER: A major example of  
2 shoreline erosion.

3           MR. JIM CREIGHTON: So if the burden  
4 were on the homeowners to do weed control, it  
5 wouldn't be done?

6           MR. PHIL COMER: And I think trash  
7 control, I cannot believe the number of property  
8 owners on Douglas Lake who seriously, seriously say  
9 to me that TVA ought to pay for somebody to come in  
10 and pick up plastic milk jars and crap like that in  
11 front of their own property, and I said, no, that's  
12 your problem, like mowing your grass. It would  
13 bankrupt TVA if they had to come in and keep the  
14 shoreline of everybody's property up, that's absurd,  
15 but there are people who expect them to do it. The  
16 erosion has always been that way and the erosion has  
17 gone on, rampantly.

18           I think we ought to put a time  
19 certain deadline and have it highly publicized that  
20 TVA will assume the responsibility for certain of  
21 these things, like the weed control, for a two-year  
22 period and after that and during that two-year  
23 period you better start organizing your efforts to  
24 lobby your respective Congressmen to get some  
25 federal funding back in place, because I agree with

1 Stephen, that if we don't have something people will  
2 become complacent and do nothing and say, well, TVA  
3 will do it again, and that will not work.

4 MR. JIM CREIGHTON: I have on the  
5 list Roger, Austin, Julie, Bruce, and Lee.

6 SENATOR ROGER BEDFORD: Thank you.  
7 First off, let me say I'm very pleased with the type  
8 of thoughtful debate we're having. I mean, this is  
9 what I hoped this -- once we got through all of  
10 these subcommittees and hearings we would get into,  
11 and I think this is very good. And I want to  
12 commend the subcommittee for getting us started on  
13 the right track with it, Jimmy, and your members.

14 I would seek the addition of two  
15 things here and then the deletion of a third. First  
16 I would seek us to put a statement in, much as Jim  
17 said, where we encourage the stake -- TVA to work  
18 with the stakeholders, whatever it should be, to  
19 have Congress restore funding for weed control, a  
20 very specific item but one that's very specifically  
21 being dealt with in this proposal, aquatic plants.

22 Secondly, some of you may know this  
23 and some of you may not, but each state within its  
24 legal community has a group that studies uniformity  
25 of state laws. In Alabama, for instance, it's the

1 Alabama Law Institute that the Bar Association, the  
2 law schools, Legislative Council, a number of us  
3 serve on that committee, and just yesterday we were  
4 reviewing five laws that ranged anywhere from the  
5 enforcement of out-of-state child custody and  
6 divorce decrees when somebody moves to Alabama, how  
7 do you have a uniformity of custody enforcement  
8 across state lines to bringing UCC-9 or individual  
9 state law in conformity with the national models  
10 that have been developed.

11           So I would urge the Council to  
12 consider a sentence to the point of, we urge TVA to  
13 work with the various states to try to develop  
14 uniform policies and regulations concerning weed  
15 control throughout the system. I think those are  
16 things that are not mandates but they are positive  
17 steps forward, and it's something that can bring  
18 more interaction and perhaps more efficiency as well  
19 to the process.

20           The third thing though I would say is  
21 where you say, TVA electric ratepayers shall not be  
22 responsible for all the costs of the aquatic plant  
23 management is an absolute, there's no flexibility in  
24 that. There's no flexibility if an emergency  
25 occurs. There's no flexibility for what the formula

1 will be.

2           You know, ARC funds are 80/20. You  
3 know, maybe it's not our job to decide the formula.  
4 Maybe each stakeholder group ought to decide their  
5 own formula, but if you just say, we're not going to  
6 be responsible for all of the costs, but don't say,  
7 we will be primarily responsible for the costs or if  
8 an emergency occurs we may be able to step in is  
9 just an absolute, it just says, we're not going to  
10 pay all the costs.

11           Now, you know, well, guess what, the  
12 ratepayers have to pay twice. They pay in their  
13 electric bill and they pay if they use the water and  
14 go fishing. They pay if they have a lakefront  
15 property, you know, maybe some flexibility, I would  
16 urge in there, to where it's not just an absolute of  
17 not, because if you just are not going to do it,  
18 okay, so the local state and the local county and  
19 local city says, well, guess what, we're not paying  
20 it either, and suddenly the intake system starts  
21 getting clogged up with utilities and suddenly the  
22 barges can't get in and out anymore, suddenly the  
23 marinas can't sell gas because the boats can't get  
24 in and out, you know, that's what happens when you  
25 draw absolutes, you cause absolute conflicts



1 sometimes. So I would urge us to have a little more  
2 flexibility than absolutely just shall not be  
3 responsible.

4 MAYOR EDDIE SMITH: The word should  
5 not, that does not say absolute, does it? That was  
6 what I was --

7 SENATOR ROGER BEDFORD: I think  
8 should is really the same as shall when you say not  
9 be all. It should say, should not be primarily  
10 responsible for all the costs or something like  
11 that, but when you say, should not be responsible  
12 for all the costs, then you relieve one end but you  
13 don't have an end to that road somewhere else. In  
14 other words, where does not responsible for all the  
15 costs stop? What does that mean? You know, how do  
16 you define that in your negotiation?

17 MAYOR EDDIE SMITH: The way I read it  
18 it's saying that they shouldn't be responsible for  
19 all the costs and it's not saying that they will not  
20 be responsible, but I think we agree they should not  
21 be responsible, but that's the way I read that.

22 MR. BRUCE SHUPP: The should was  
23 meant to be weak, not definitive.

24 SENATOR ROGER BEDFORD: Well, I would  
25 urge us to get more into the cost share language

1 side rather than the unfunded mandate side, and I  
2 read, should not be responsible, while it's not an  
3 absolute like shall, to be more of about unfunded  
4 mandate, Tennessee is not going to do this anymore,  
5 guess what -- I mean, TVA is not, guess what,  
6 shareholders, you're going to do it, as an unfunded  
7 mandate rather than we are seeking partnerships to  
8 cost share programs out there.

9 MR. JIM CREIGHTON: I do have a list  
10 of folks to call on. Austin is the next on the  
11 list.

12 MR. AUSTIN CARROLL: I tend to think  
13 an unfunded mandate is fairly motivating. And  
14 knowing that you're approaching that deadline, I  
15 think, would inspire some folks to get with their  
16 congressional representatives and make those funds  
17 happen, and that's what it's going to take.

18 You know, we can try to put that  
19 responsibility on the TVA board, but quite honestly,  
20 the clout with the congressional representatives in  
21 the Valley is in this room and out of this room with  
22 the people that we represent. So, you know, I tend  
23 to think if we and the other folks in the Valley  
24 wanted the congressional appropriations to be  
25 returned by a certain date, it would be.

1           SENATOR ROGER BEDFORD: I agree  
2 100 percent with that, Austin, but I think those are  
3 apples and these are oranges in that we are all for  
4 that. And the more we can do, to paraphrase  
5 Stephen, to put the pressure on them, the better,  
6 and I support that 100 percent, but you're talking  
7 about the people who use the lake right here and  
8 you're not defining it, okay, are we going to let  
9 the \$100,000 person pay and the \$99,000 doesn't or  
10 let the bass people pay but we're not going to make  
11 the kayakers pay or whatever.

12           I mean, this weed problem is growing.  
13 It's in -- you know, it's going up and down both  
14 sides of the river right now. So I just -- it  
15 concerns me when we just mandate that -- an unfunded  
16 mandate that we're not going to do this anymore  
17 without, well, what will we do? What is financially  
18 responsible? What happens in an emergency?

19           MR. JIM CREIGHTON: Austin?

20           MR. AUSTIN CARROLL: Well, remember,  
21 what we're putting together here is a recommendation  
22 for the TVA board that we are willing to support and  
23 that we can go back and get our constituencies to  
24 support, you know, we're not -- it's not exactly  
25 legislating something, I mean, the Board can still

1 do what they want to with this, but this is what --  
2 I think what we're putting together here is  
3 something that we are willing to support and the  
4 people behind us are willing to support.  
5 I guess I would like to see -- modify  
6 it to, TVA should not be responsible for the  
7 implementation costs of aquatic plant management  
8 after TVA's fiscal year 2001, and then further, that  
9 these costs or these funds should come from federal  
10 appropriations or other sources.

11 MR. JIM CREIGHTON: Julie?

12 MS. JULIE HARDIN: I just wanted to  
13 say that I think we're getting away from our mission  
14 statement as a group, as a Council. We are here to  
15 be stewards of the area's natural resources, the  
16 air, the water, and the land. We are not here to  
17 determine who pays for what or to be political  
18 pressure points, or how to pay for it even, but if  
19 we tack it on to our mission statement in every  
20 policy that's recommended by our various  
21 subcommittees we can only have effective stewardship  
22 over our natural resources if we can resume  
23 receiving federal monies, we have got to link the  
24 together or I think we're off base.

25 MR. JIM CREIGHTON: Bruce?

1           MR. BRUCE SHUPP: I would like to put  
2 my floor commander hat on for the subcommittee again  
3 and see if we can make some progress and actually  
4 move this along. So if you would look at your  
5 recommended policy, I have some changes I would like  
6 to propose, and then we will move forward from  
7 there.

8           It's my recommendation that we go  
9 down to the fourth line from the top of the  
10 recommended policy where it reads, administration  
11 implementation and funding responsibilities will be  
12 blah, blah, blah, I suggest we change that to,  
13 administration and implementation responsibilities  
14 will be negotiated among local, state, and federal  
15 government agencies, TVA, and other stakeholders,  
16 stop right there, excise from that on to the end of  
17 that paragraph out. Go down to the next part of the  
18 process with the planning team and the third  
19 paragraph, and I suggest we agree now by whatever  
20 form we choose to use to get consensus that with  
21 that excised fiscal stuff out, we can agree to that  
22 remaining part of the policy. And then what I  
23 propose I will move forward to that fancy TV screen  
24 up there and I will -- I will entertain a draft  
25 statement for fiscal responsibility and I will put

1 it up there and then we will modify that with  
2 comment.

3 Jim, would that work?

4 We'll try to get a closing statement  
5 on fiscal responsibility at the end of the process  
6 part, does that make some sense?

7 MR. JIM CREIGHTON: What you're  
8 saying is can we get agreement on this now?

9 MR. BRUCE SHUPP: On the process  
10 part.

11 MR. JIM CREIGHTON: So we get all of  
12 this page bought off?

13 MR. BRUCE SHUPP: Except for fiscal  
14 strategy.

15 MR. JIM CREIGHTON: And then what we  
16 will do is try, as a group, to work out some wording  
17 on the fiscal stuff?

18 MR. BRUCE SHUPP: Correct.

19 SENATOR ROGER BEDFORD: I just -- if  
20 there's no interest in this among Council members, I  
21 won't pursue it any further, but I just think there  
22 is some worthiness in just having a sentence that  
23 says, we recommend that TVA work with the various  
24 states to seek uniformity in aquatic weed  
25 regulations and laws controlling them or some

1 general statement to that effect, but if you -- if  
2 there's no interest in that, that's fine.

3 MR. JIM CREIGHTON: You're saying  
4 that really belongs on this page here prior to the  
5 funding thing?

6 SENATOR ROGER BEDFORD: It can be  
7 before or after the funding. I would hate for us  
8 just to walk away and not seek, you know, a  
9 recommendation in that area.

10 MR. JIM CREIGHTON: Let me check,  
11 Ann, are you responding to that?

12 MS. ANN COULTER: Yes. I suggest  
13 that we go with Bruce's idea and incorporate Roger's  
14 thought into that additional wording as well as we  
15 can agree to.

16 MR. JIM CREIGHTON: Does anybody have  
17 any heartburn including Roger's thing as a statement  
18 in this process thing?

19 MAYOR EDDIE SMITH: I guess my  
20 question is, do we want to include it in this part  
21 or put it in the funding?

22 MS. ANN COULTER: My suggestion was  
23 that that thought, if the Council agrees to it,  
24 become a part of the new wording that Bruce is  
25 prepared to put together for us, and whatever other

1 thoughts need to go with it to capture our  
2 recommendation with regard to funding.

3 MR. JIM CREIGHTON: The only question  
4 was the topic didn't seem to be related to funding.

5 SENATOR ROGER BEDFORD: Well, what I  
6 was going to say is, you could just stick a --  
7 either add the language or have another sentence in  
8 paragraph two. I'm not trying to slow down the  
9 funding thing, I am very comfortable with where  
10 Bruce is headed with that, but as Ann said, I think  
11 we could include perhaps as some of the goals or  
12 objectives goals that are there in that -- I call it  
13 the middle paragraph, the second one, rather than  
14 perhaps with the funding and have the funding just  
15 its own separate recommendation.

16 MR. JIM CREIGHTON: Just  
17 procedurally, I'm wondering if, Roger, you could  
18 work on some specific language and where you would  
19 insert it and let us go ahead and work on this? I  
20 don't hear anybody resisting your thought, it's just  
21 how to handle it. And myself, I don't see it as  
22 related to funding, so I think it fits in the  
23 process down here somewhere. Okay.

24 MR. BILL FORSYTH: Roger, you might  
25 name states specifically.



1           MR. BRUCE SHUPP: Just so there's no  
2 confusion, if you see the changes I made on there,  
3 everybody agree that we will say, administration and  
4 implementation, scratch, and funding, go forward to  
5 there, stop it at TVA ratepayers, take that out  
6 completely.

7           MR. AL MANN: Take out and funding?

8           MR. BRUCE SHUPP: And funding is out,  
9 yeah, and now we have no statement in there at all  
10 about funding. So now the next statement we make,  
11 which we could add to the end, could be a funding  
12 policy statement, and I will -- I think we should  
13 entertain somebody's draft of that and then we will  
14 modify it from there.

15          MR. JIM CREIGHTON: Julie?

16          MS. JULIE HARDIN: I think we need to  
17 tie it with our mission, I will say it again, that  
18 the effective stewardship or resolution of aquatic  
19 plant life can only happen if we continue or resume  
20 receiving federal monies, tie something up with our  
21 mission as a group, as a council.

22          MR. AL MANN: Say that again.

23          MS. JULIE HARDIN: Well, basically I  
24 think what I'm trying to say is that effective  
25 stewardship of our natural resources, if we firmly

1 do believe that it can only occur with our  
2 resumption of receiving federal monies from the  
3 federal government, then we ought to have this into  
4 every policy that this group comes up with.

5 MR. JIM CREIGHTON: So I'm kind of  
6 hearing that if we're writing specifications for  
7 what this language has to do, one thing that should  
8 be in the specification is federal funding.

9 MS. JULIE HARDIN: If we all believe  
10 in it, if we agree on that.

11 MR. JIM CREIGHTON: I think there's  
12 complete agreement on that, unless I'm mistaken.

13 MS. JULIE HARDIN: If there's a  
14 consensus on that.

15 MR. JIM CREIGHTON: The other  
16 question I had is whether -- is there also agreement  
17 that the principle of partnering or engaging local  
18 communities and others in funding, that as a  
19 principle that's desirable without stating that it  
20 has to be that way, is that an accurate  
21 representation of what I heard earlier?

22 In other words, I heard a lot of  
23 people emphasize the idea that when you have --  
24 people become more responsible when they have to  
25 help pay the bill. On the other hand, I heard,

1 please don't make that an absolute because, first of  
2 all, in terms of stewardship somebody has got to get  
3 it into an Act, and two, there are circumstances  
4 where it's inappropriate and we don't want to set a  
5 precedent.

6           So I was wondering if there was any  
7 way we can get a partnership idea in and a cost  
8 sharing idea in making it a recommendation rather  
9 than an absolute or something like that. I don't  
10 know, tell me whether that fits your --

11           MR. PHIL COMER: Cost sharing with  
12 whom?

13           MR. JIM CREIGHTON: Local  
14 governments, owners.

15           MR. PHIL COMER: That's not what I  
16 hear. The consensus goes back to the federal  
17 government funding, and let's all remember that  
18 whatever -- when these recommendations are finally  
19 submitted to the TVA board, believe you me, they  
20 will go to all of our Congressmen and all of our  
21 Senators at the same time, and therefore, a message  
22 should be included in this along the lines of what  
23 we're all saying because it's not going to be just  
24 to those three people.

25           MS. JULIE HARDIN: That may have more

1 power than us going to our own political counties  
2 and saying, oh, put pressure on blank to resume  
3 federal funding, but if they see it in writing, all  
4 of the new Stewardship Council's recommendation to  
5 the Board, they are going to listen and they are  
6 going to read.

7 MR. JIM CREIGHTON: So if Phil and  
8 Julie are correct, first of all, that clearly needs  
9 to be in there.

10 MR. PHIL COMER: Yes.

11 MR. JIM CREIGHTON: The only question  
12 I have is whether the idea of cost sharing and so on  
13 gets dropped out completely or I heard earlier some  
14 of you had --

15 MS. JULIE HARDIN: I'm not sure  
16 determining cost sharing is in our mission  
17 statement, that's my point. We represent we're on  
18 this Council representing thousands of East  
19 Tennessee and Tennessee citizens and Kentucky and  
20 Georgia citizens, and don't think those guys aren't  
21 going to know it.

22 MS. ANN COULTER: My concern is at  
23 least leaving the door open some way or another for  
24 other responsibilities for these activities is the  
25 precedent we're setting here, it's hard for me to

1 separate what we come up with here from dozens of  
2 other issues that we're all dealing with that have  
3 at the heart of them a lot of the same issues, is  
4 who bears the responsibility and where does the  
5 funding come from.

6 I do believe that we have not  
7 exhausted the issues to the point where we can say  
8 in all of these situations that it is only a federal  
9 responsibility. I think there are probably some  
10 situations that can be pretty important where it's  
11 appropriate that some other entity bears some  
12 responsibility.

13 MS. JULIE HARDIN: Can't we tack on  
14 or other local entities, federal funding and --

15 MS. ANN COULTER: I mean, I don't  
16 know the best way to word it, but I think we need to  
17 at least leave the door open that we recognize that  
18 this, and by inference, other issues we're dealing  
19 with may deal with some appropriate level of other  
20 entities having responsibility.

21 MR. PHIL COMER: Good example of what  
22 Ann is saying, the kayakers this morning, they have  
23 been paying this since March of 1984 and are paying  
24 back that seven and a half million dollars, and I'm  
25 sure there are other similar special interest groups

1 that could pay something. We don't want to seal it  
2 off.

3 MR. JIM CREIGHTON: So is there some  
4 agreement to at least leave in the mention of or  
5 open the door to --

6 SENATOR ROGER BEDFORD: I think we  
7 should encourage TVA to seek partnership in cost  
8 sharing arrangements whenever, you know, appropriate  
9 among the various stakeholders.

10 MS. ANN COULTER: My only concern  
11 with that is that I'm not sure we can make that  
12 TVA's responsibility. I think, by and large, that  
13 will have to come from, as Austin suggested, the  
14 people and the taxpayers and the voters and the  
15 whole system. I have a feeling that if we make TVA  
16 carry that banner it won't have the same influence  
17 and power as a more broad -- you know, broad  
18 consensus that that needs to happen.

19 SENATOR ROGER BEDFORD: I agree with  
20 what you were saying, Ann. I was really responding  
21 to what Jim said about, did we think we ought to  
22 keep the door open about partnerships and cost  
23 sharing and things like that, and I do.

24 MR. JIM CREIGHTON: Is there an  
25 agreement on that just as --

1 MS. JULIE HARDIN: Yes.

2 MR. JIM CREIGHTON: So as a second  
3 thing we need something about keep the door open to  
4 partnerships and cost sharing and so on.

5 MAYOR EDDIE SMITH: Can I take a stab  
6 at that. It is further recommended that funding of  
7 this policy be borne by federal appropriations, TVA,  
8 and fee structures where appropriate.

9 MS. JULIE HARDIN: That's good.

10 MR. PHIL COMER: Or other special  
11 interest groups. And as far as putting the onus on,  
12 Ann, TVA doing this, they are well experienced in  
13 doing that in the sense that when special interest  
14 groups approach them to ask for absurd changes they  
15 just say, how are you going to pay for it, I mean,  
16 they understandably -- so they are used to doing  
17 that.

18 MR. JIM CREIGHTON: So far we have --  
19 can you roll down so I can see where you started?

20 MR. BRUCE SHUPP: Let me go over what  
21 I think I heard and then tell me where I am wrong.  
22 Lousy handwriting, I'm sorry, but this is the  
23 components that I am hearing so far.

24 First is that TVA now has the funding  
25 responsibility, we agree with that. Anybody that

1 doesn't agree with that?

2 MR. LEE BAKER: No, I don't agree

3 with that.

4 MS. JULIE HARDIN: I don't agree with

5 that. Say it again.

6 MR. BRUCE SHUPP: TVA currently has

7 the funding responsibilities.

8 MS. JULIE HARDIN: Currently?

9 MR. BRUCE SHUPP: Let me finish and

10 maybe it will get clearer, but federal funding is

11 justified for this program.

12 MR. JIM CREIGHTON: I heard more like

13 essential.

14 MS. JULIE HARDIN: Essential for

15 effective stewardship over natural resources.

16 MR. BRUCE SHUPP: That can be our

17 opinion, but people can argue with that. It isn't

18 essential, let the ratepayers eat it. I mean,

19 that's the philosophy of the other side.

20 Do you want to say essential or we

21 believe it's justified for federal funds to be used

22 for this purpose?

23 MS. JULIE HARDIN: To be resumed.

24 MR. BRUCE SHUPP: And then the

25 thought is that ratepayers should not be asked to



1 bear the entire funding responsibility, I think  
2 that's -- I have heard that, even though Roger  
3 didn't like the way it was worded, they should not  
4 be asked to bear that entire responsibility.

5 SENATOR ROGER BEDFORD: I don't --  
6 the idea is fine with me. I would just -- if we  
7 narrow down the wording, I just want to try to stay  
8 away from the absolute type thing.

9 MR. BRUCE SHUPP: But that's the  
10 thought, that it isn't fair to the ratepayers to  
11 bear the entire burden, maybe that's a better way to  
12 say it.

13 MR. LEE BAKER: Bruce, in fact, they  
14 aren't asked, and that's the problem. It's just  
15 heaped on them, because I can guarantee you if you  
16 ask them they will say no.

17 MR. BRUCE SHUPP: Then the next  
18 recommendation, as I understood it between trying to  
19 write and listen, is that TVA should both seek  
20 federal appropriations and work with stakeholders to  
21 assume some share of the funding responsibility, is  
22 that --

23 MR. PHIL COMER: We didn't put the  
24 burden on TVA to reseek the federal funding. We  
25 have -- all 8,000,000 of us have got to put pressure

1 to go back to our respective --

2 MS. JULIE HARDIN: To resume federal  
3 appropriations, not seek it, but to resume it after  
4 we screwed up two years ago.

5 MR. BRUCE SHUPP: So we can say  
6 TVA -- Tennessee Valley stakeholders. We can leave  
7 that in about working with stakeholders to share  
8 some of the funding load in the interim period while  
9 the federal funding is --

10 MR. JIM CREIGHTON: There was an  
11 agreement that we needed some kind of language that  
12 kept the door open to partnership and cost sharing  
13 and so on without imposing it as an absolute  
14 requirement.

15 MR. BRUCE SHUPP: Is that basically  
16 the thoughts we want to capture? If that's the  
17 case, I will draft that and then submit it to --  
18 back to all Council members.

19 MR. JIM CREIGHTON: Let me go to  
20 Paul, Austin, Al.

21 DR. PAUL TEAGUE: Go the other first  
22 because mine's a summary.

23 MR. JIM CREIGHTON: Austin?

24 MR. AUSTIN CARROLL: Well, I tend to  
25 think that we need some kind of a date, deadline or

1 something in there. It's kind of like -- it's a  
2 little bit like my son going to college. I told  
3 him, I am going to pay for four years of college and  
4 after that it's up to you, but if he thought I was  
5 going to continue to pay for school as long as he  
6 wanted to go to school, he would make a career out  
7 of it.

8           So I just tend to think that, you  
9 know, we have got to have some motivation and some  
10 kind of target date to look at when we're going to  
11 have federal funding restored, and we have all got  
12 to get behind that and get our constituent groups  
13 behind that.

14           MR. JIM CREIGHTON: Lee, do you want  
15 to come in on that?

16           MR. LEE BAKER: Oh, yeah, I've got  
17 to. Austin, I could give you some advice on that.  
18 I like better, my children were told that I would  
19 pay 60 percent of their school, tuition, and fees  
20 and they'd pay 40, not that there was a date  
21 certain, but you would be surprised how involved  
22 they get in that process when they have to put some  
23 money into it. You know, when you don't have to lay  
24 any money down, you can come up with all of the  
25 wonderful ideas in the world, but if it's a good

1 ideas it ought to be good enough that you can put  
2 something into it.

3 MR. BRUCE SHUPP: Mr. Chairman, I'd  
4 make a suggestion that I go draft a paragraph and  
5 let you move on with the program and we can come  
6 back.

7 MAYOR EDDIE SMITH: I think so. I  
8 had a little bit of concern about some of the things  
9 there because -- let me suggest this wording to you,  
10 and then you can go do whatever you want to, but it  
11 is further recommended that the funding of this  
12 policy be borne by resuming federal appropriations  
13 and TVA -- resuming federal appropriations, TVA, and  
14 fee structures from stakeholders where appropriate.

15 MR. JIM SUTPHIN: Can you substitute  
16 cost sharing for fee structures?

17 MAYOR EDDIE SMITH: Well, yeah, cost  
18 sharing. It's just a concept that it's kind of the  
19 way I was leaning rather than putting the -- saying  
20 TVA has the responsibility for now on. I mean, we  
21 know they are doing it now, but I'm just trying to  
22 see if we can get into some kind of policy.

23 MS. JULIE HARDIN: This is a very  
24 important piece that you're -- that we're composing,  
25 because this probably ought to be in every single

1 recommendation this committee comes forward with.

2 This is vital.

3 MAYOR EDDIE SMITH: In addition to  
4 that, I didn't write this down, but also what Austin  
5 said, by a certain date, if we want to say by the  
6 fiscal year 2002, whatever, you know, it would seem  
7 to me that --

8 SENATOR ROGER BEDFORD: I chair the  
9 budget in Alabama, I mean, we're working today on FY  
10 02, so you're going to need -- if you put a date in,  
11 I would recommend a further out date than 02 because  
12 Congress is doing 02 now.

13 MR. JIM CREIGHTON: Al and then Paul.

14 MR. AL MANN: I just want to point  
15 out that you received two letters here, one from the  
16 City of Guntersville and one from Judy Miller, and  
17 therefore, I hope the Council can wait about  
18 adopting an official policy statement until any  
19 major issues, such as funding, can be resolved. And  
20 her letter, we contend that TVA's responsibility to  
21 remove such problems must also include the financial  
22 responsibility associated with such, you know.

23 So what are you going to do now?

24 I mean, I think what these people are  
25 afraid of is that you will look out and say, well,

1 we're not going to do anything now because we don't  
2 have the money to do it because we don't have  
3 appropriations.

4           And you've heard that from other  
5 groups that have come in here, don't cut us, don't  
6 cut our funds, blah, blah, blah, you know. So I  
7 think that's their concern, I mean, who is going to  
8 pay for it now, and I see your point, Jim, but --  
9 and I don't think it should be state and local  
10 government.

11           MR. JIM CREIGHTON: Somehow the idea  
12 has to be in here that in the absence of other  
13 funding sources, for at least the short-term, the  
14 ratepayers will need to assume this because of the  
15 crises on the short-term, but in the long-term we  
16 believe that there must be federal funding and  
17 seeking appropriate cost sharing.

18           SENATOR ROGER BEDFORD: Jim, I am  
19 cutting ahead of W. C., and I apologize, on this one  
20 point we keep talking about ratepayers assuming it,  
21 they're doing it now. They are not assuming  
22 anything else. They are continuing to practice --  
23 you know, we keep talking about we're putting  
24 something additional on the ratepayers, we're not.  
25 Their bill is not going to go up one dime, I mean,

1 based on this. This is the policy we're that  
2 operating under now. So we --

3 MR. PHIL COMER: Only the last 18  
4 months.

5 SENATOR ROGER BEDFORD: Well, under  
6 the last 18 months, but I don't think we should  
7 assume that if TVA continues aquatic weed control  
8 that you're going to have your bill go up any more  
9 than it fluctuated up and down in the last 18  
10 months.

11 MR. JIM CREIGHTON: I have promised  
12 Paul and then I'll go to W. C. and then Stephen.

13 DR. PAUL TEAGUE: My basic philosophy  
14 is here, go ahead and work this out, but we keep  
15 talking about TVA talking to Congress. It is my  
16 understanding TVA doesn't have a lot of cards to  
17 play anymore with the past experience they have had  
18 over the last, two, three, four years. They don't  
19 have a lot of cards to call, and that goes back to  
20 the responsibility that I have heard others mention.

21 Once this final Council -- if we can  
22 come to a unanimous or consensus, I think it's  
23 important for us to ask for that money and tell our  
24 Congressman that this is what we're recommending to  
25 the big board or TVA.

1 I will be happy to take the things  
2 that we can come to consensus on and draft a letter  
3 myself or we could have a uniform letter and hand  
4 carry it to my Congressman and underline it and say,  
5 look, here's what we represent, here's what we're  
6 for, don't shut TVA out when they come and ask for  
7 these things that we around this table are telling  
8 you we need.

9 MR. JIM CREIGHTON: W. C.?

10 MR. W. C. NELSON: I just wanted to  
11 say that -- you know, ask a question. Who would be  
12 paying for this if this was an Army Corps of  
13 Engineer waterway? The federal government, I  
14 assume.

15 MR. PHIL COMER: Yes.

16 MR. W. C. NELSON: Then the Army  
17 Corps of Engineers would be paying for it, and why  
18 should we ask the City of Guntersville to  
19 participate in it? I see they have no  
20 responsibility.

21 So I think that TVA has assumed the  
22 responsibility of cleaning the weeds, and I think  
23 that we should help in getting funding from the  
24 federal government to do it. I don't think we  
25 should be looking for Guntersville and the local



1 stakeholders to provide funding for this, nor the  
2 ratepayers. So it's a federal responsibility. I  
3 think TVA should be looking to the federal  
4 government to receive funds to carry out this  
5 project and other projects.

6 MR. JIM CREIGHTON: Stephen?

7 DR. STEPHEN SMITH: I think that's a  
8 given. I mean, my sense is that there's clearly a  
9 consensus around the table about the federal  
10 funding. That being a given, the question is, you  
11 don't have the money, it's not being appropriated  
12 right now. I firmly believe that it can be, and I  
13 think we should all work for it. I personally don't  
14 necessarily agree that -- I think, Phil, when I was  
15 out of the room corrected me and said that these are  
16 \$4,000,000 houses on the front of the lake.

17 MR. PHIL COMER: Only one.

18 DR. STEPHEN SMITH: Well, I have been  
19 down the lake, some of them, I don't know about  
20 Guntersville, I haven't been down there, but there's  
21 just quite a few of these big houses around. I  
22 mean, to me -- again, what really resonated with me  
23 within the subcommittee was the concept that there  
24 are public access areas, there are public areas that  
25 I think TVA has a responsibility to manage.

1           Then there are going to be some other  
2 areas that clearly the people have the means and the  
3 capacity, although they will avoid it to their best  
4 ability and they will, you know, raise Caine with  
5 their local officials and everything like that to  
6 avoid it, but they certainly have the capacity to  
7 cost share in a portion of this.

8           I think it is -- particularly those  
9 individuals, I think they should be strongly  
10 encouraged to step up to the plate, because they  
11 have the unique opportunities, they have the means,  
12 they have the access, they have -- you know, they're  
13 the ones that are going to derive absolutely the  
14 most benefit from this very limited section in front  
15 of their home that they want to see cleaned up, and  
16 I think they should be cost sharing in this. And  
17 until the federal government picks that back up, I  
18 feel pretty strongly that there should be at least  
19 an attempt to push for them to participate in being  
20 a partner in this.

21           And so while I agree it's a federal  
22 responsibility and I agree that we should do  
23 everything we possibly can, I think given the  
24 realities we're dealing with now, whether we set a  
25 time limit on it or whether we set whatever, that

1 those individuals should be encouraged very strongly  
2 to participate in the cost sharing.

3 MR. AL MANN: So you're saying any  
4 residential property owners?

5 MR. PHIL COMER: With a house over  
6 \$100,000.

7 DR. STEPHEN SMITH: I didn't say  
8 that.

9 MR. PHIL COMER: Yes, you did.

10 DR. STEPHEN SMITH: No. I said this,  
11 I said that generally you have areas that are  
12 public, and I don't know if we need to go into this  
13 detail in the recommendation, but this was the kind  
14 of conversation we had at the subcommittee level  
15 that resonated with me, you have areas that are  
16 public, public parks, you have, you know, public  
17 access areas and other things, those areas ought to  
18 be managed by TVA and --

19 MR. AL MANN: They are now.

20 DR. STEPHEN SMITH: That's right.  
21 That's right. But then you have -- you may have  
22 residential areas that are on the lake that, you  
23 know, very few people derive any benefit from other  
24 than --

25 MR. AL MANN: Are you saying that you

1 do not want to take care of weeds in front of  
2 residential areas?

3 DR. STEPHEN SMITH: That's right. I  
4 don't necessarily --

5 MR. AL MANN: What if a man has an  
6 \$8,000 mobile home sitting there and you're not  
7 going to take care of the weeds in front of his  
8 home?

9 DR. STEPHEN SMITH: Well, if he's got  
10 an \$8,000 mobile home sitting in front of one of  
11 these lakes, chances are his property value is a  
12 hell of a lot more than that.

13 MR. AL MANN: I can show it to you on  
14 the --

15 MR. JIM CREIGHTON: Gentlemen, can I  
16 step in?

17 My observation would be that the  
18 wording we had agreed on does finesse this, which  
19 was some wording to the effect of --

20 DR. STEPHEN SMITH: I was hearing the  
21 trend away from any cost sharing. I guess there  
22 is -- I wanted to emphasize a point, that I think it  
23 is important that there be a component of this that  
24 is maintained that gives TVA and the stakeholders  
25 some sort of directive to encourage the cost share,

1 particularly in places that the means are there.

2 Now, if you have got, you know, a  
3 unique individual that has an \$8,000 mobile home,  
4 maybe as a part of the stakeholder that can be taken  
5 care of, but I don't see going up and down a lot of  
6 the lakes in the Tennessee Valley that there are  
7 that many mobile homes sitting on front of the lakes  
8 that have weed problems.

9 MR. W. C. NELSON: You're saying just  
10 because he has the capacity to pay?

11 MR. AL MANN: You want to do it by  
12 means and by an income approach?

13 MR. JIM CREIGHTON: My impression is  
14 we're regressing rather than progressing here.  
15 Where we were before this last discussion started  
16 was that we were going to come up with some language  
17 that opened the door to cost sharing fees, so forth  
18 and so on, but was not descriptive and said you had  
19 to do it. My impression is that still addresses all  
20 three of the positions I heard from you, that none  
21 of you were saying that under no conditions are you  
22 open to cost sharing or fees or whatever, but I hear  
23 you saying you don't want to lose cost sharing or  
24 fees.

25 Is that wording okay? We will work

1 on the wording, but is the principle okay, that TVA  
2 should at least explore the possibility of cost  
3 sharing and fees and other financial arrangements?

4 DR. STEPHEN SMITH: I think they  
5 should be encouraged. I would -- I think -- because  
6 basically what happens is if you give a policy that  
7 is so watered down, clearly no one is going to  
8 voluntarily -- rarely will someone reach into their  
9 pocket, but if they are -- if they have the means  
10 and they -- you know, the ones that are going to be  
11 the primary beneficiaries to this, they should be  
12 encouraged to participate in cost sharing.

13 MR. JIM CREIGHTON: My problem is I  
14 don't hear a consensus on that. I thought we had  
15 consensus on opening the door to that kind of thing.

16 MAYOR EDDIE SMITH: I did too, except  
17 that the question about who's going to fund it while  
18 we're trying to get new funding, and I thought that  
19 maybe a statement in there that we encourage or  
20 suggest to TVA to try with as much due diligence to  
21 stay involved until the federal appropriations are  
22 available or what-have-you, something along that  
23 line. I think that would answer the question, but  
24 other than that, I thought we were pretty much at a  
25 consensus on that.

1           MR. JIM CREIGHTON: Unless there's a  
2 fundamental disagreement with that, I know that the  
3 drafting committee has gone out and begun already to  
4 try to draft, and I was going to propose to go out  
5 and see if I could work with them to see if we could  
6 come up with the language, and in the meantime you  
7 could go ahead with your --

8           SENATOR ROGER BEDFORD: Jim, before  
9 we broke, the other drafting committee of one would  
10 like to try to get a report on that other sentence  
11 about seeking uniformity while we're waiting on the  
12 other language, except Paul had something --

13          MR. JIM CREIGHTON: But I think what  
14 we will probably do is give you a chance to talk  
15 about the uniformity language, take a break, go to  
16 our presentations, and give our drafting group a  
17 little more time for drafting, because it could take  
18 a little bit of time.

19          SENATOR ROGER BEDFORD: I just had  
20 proposed this language in the middle paragraph next  
21 to the last -- well, the third sentence from the end  
22 where it says, the plan will clearly describe the  
23 problems and define goals, objectives, strategies,  
24 and evaluation techniques, and then I would extend  
25 the sentence to say this, which should include

1 encouraging the affected states to seek uniformities  
2 of laws and regulations concerning aquatic weed  
3 control.

4 MR. JIM CREIGHTON: Could you repeat  
5 it one more time?

6 SENATOR ROGER BEDFORD: Let me give  
7 you my copy. It says, which should include  
8 encouraging the affected states to seek uniformity  
9 of laws and regulations concerning aquatic weed  
10 control.

11 MR. JIM CREIGHTON: Does anybody have  
12 any heartburn with that? Okay. That's all right.  
13 Okay. Does anybody have anything they have got to  
14 say before we try to draft up something?

15 Paul?

16 DR. PAUL TEAGUE: Are we going -- we  
17 have a consensus, but it was on the original, not  
18 what Steve added, is that correct?

19 MR. JIM CREIGHTON: Well, we'll come  
20 back with some language and you will have a shot at  
21 it and you can see which idea we captured. I am  
22 trying to get what I thought we had up there, which  
23 was openness to cost sharing fees, so on, not a  
24 requirement there to --

25 DR. PAUL TEAGUE: Because in relation



1 to that, back to what Al said about the \$8,000 on  
2 the -- first of all, one percent of the American  
3 people pays 35 percent of all taxes. Five percent  
4 of the American people pay 85 percent of all the  
5 taxes. You want them to pay that 85 percent and  
6 then turn around and take care of it in front of  
7 that \$100,000 home, that's class warfare. They have  
8 the same rights and same responsibilities as the one  
9 that sits over here in the little park in front of  
10 the city, and it is not appropriate for them to come  
11 out and pay for the rest of it.

12 MR. JIM CREIGHTON: Let me leave it  
13 there and go out and do some drafting. My  
14 recommendation, Eddie, is we take our break, come  
15 back, have the two presentations, and by then --  
16 that gives us a little more time to draft it, and  
17 then we come back and present the draft language and  
18 do the wrap-up of the subcommittees and so forth.

19 MAYOR EDDIE SMITH: We will back in  
20 here in at 20 minutes to 3:00.

21 (Brief recess.)

22 MAYOR EDDIE SMITH: We're going to go  
23 ahead and get started with this session. We're  
24 going to change it just a little bit. We have two  
25 presenters to make presentations at this time, and

1 we will go ahead and do that.

2 The first presenter is Mr. McLaughen,  
3 and he will tell us who he's with because I didn't  
4 get all of that information.

5 Are you ready, Mr. McLaughen?

6 MR. JIM MCLAUGHEN: My name is Jim  
7 McLaughen. I'm with TVA's pricing staff here in  
8 Nashville, and I appreciate this opportunity to  
9 speak to you about the residential hydro credit or  
10 hydro benefit. And I will tell you up front what  
11 we're talking about and then go into some details of  
12 how we got there and how it's derived.

13 The residential hydro benefit is a  
14 direct assignment of low cost hydro generation to  
15 the residential class and it has an impact of  
16 lowering their rates. There is not enough hydro  
17 generation to cover all of the residential usage.  
18 So the balance of residential cost, I'll say, is  
19 covered by whole generation and nuclear generation  
20 and now more and more off system purchases that  
21 we're having to make.

22 The residential hydro benefit, to my  
23 knowledge, is unique to TVA. I have been in rates  
24 for 25 years. I'm not aware of any other utility  
25 that makes this direct assignment of low cost

1 generation benefit to the residential class.

2           Next slide, please. To give you a  
3 little history of this, when TVA was first  
4 established Wilson and Wheeler Dams were TVA's sole  
5 sources of generation, and during those early years  
6 with TVA and during war years TVA built numerous  
7 dams and all customers were served by these low cost  
8 hydro generators.

9           Beginning in the late '40s as the  
10 demand on TVA grew, coal fired plants were being  
11 built that had a higher cost, and this went on for  
12 several years until the coal fired generation had  
13 far surpassed the hydro system. And at that time it  
14 was noticed that the prices were inching up because  
15 of higher prices in coal.

16           In 1952 TVA made the decision to  
17 directly assign the benefits of hydro to the  
18 residential class, and it has been that way since.  
19 The obvious question is, why give it to the  
20 residential class? Why give them the benefit and  
21 not some other class?

22           In the TVA Act, which was written in  
23 1933, Section 11 states -- I will read this in -- I  
24 realize some people may not be able to read this in  
25 the back, may not be able to read the slides, the

1 TVA Act states that the system shall be considered  
2 primarily as a benefit for the people of a section  
3 as a whole, particularly the domestic and rural  
4 consumers. And it further states later on, TVA's  
5 system will permit domestic and rural use at the  
6 lowest possible rates.

7 From that TVA took the stand of this  
8 allocation of low cost generation to the residential  
9 class. This policy has been reviewed several times.  
10 In each case the TVA Board has reaffirmed that this  
11 is a proper use of low cost hydro generation.

12 Now, the question comes up, how does  
13 this -- how is this going to impact residential and  
14 all consumers in the future as the system changes?

15 As it stands now, hydro is still our  
16 lowest cost generation and is the -- as the price of  
17 other sources of generation increase, the benefit of  
18 that hydro system becomes greater as it -- as its  
19 ability to displace other higher cost generation  
20 becomes greater and as the difference between the  
21 generation sources gets greater. I'm not saying  
22 that real well, but as the gap between hydro -- the  
23 cost of hydro and cost of coal fired plant gets  
24 greater, the benefit, the value of the hydro system  
25 increases.

1           On the other hand, no additional --  
2 no additional TVA hydro generation has been built  
3 since 1978. So we sort of have a static amount of  
4 hydro generation and an increasing number of  
5 residential customers. So the benefit per customer  
6 has been decreasing every year.

7           In the future, because of these very  
8 things, the value of hydro generation is sort of  
9 dynamic depending upon the cost of other generation.  
10 TVA has to periodically review and determine how  
11 much value the residential class gets. The last  
12 time we did that sort of analysis was in 1993 when  
13 we had a major rate change, and we don't look at  
14 this very often. It's a rather long and involved  
15 process.

16           I hope that it's -- first of all, it  
17 didn't take real long, so I shouldn't have bored  
18 anyone, and I hope it gives you an idea of how TVA  
19 was attempting to take some of its lower cost  
20 facilities and assign them to the residential class  
21 to provide lower rates. I guess I'm open for  
22 questions.

23           MAYOR EDDIE SMITH: Stephen?

24           DR. STEPHEN SMITH: I was just trying  
25 to understand conceptually how this happens. Am I

1 assuming that you basically take all the fixed O&M  
2 and, you know, all of those kind of expenses, you  
3 know, and figure out what it is for the nuclear --  
4 for the coal and for the gas turbines, all the  
5 administrative costs, and all that other stuff and  
6 you come up with a rate, and then you basically --  
7 and that excludes hydro, and that is what is  
8 assigned to the industrial customers. Then you  
9 basically do the same thing, and then you factor in  
10 the hydro, so that, in essence, the industrial  
11 customer, from what you're saying, receives -- in  
12 essence, all -- in theory, all electricity generated  
13 that powers the industrial sector of the Tennessee  
14 Valley is basically fossil or nuclear?

15 MR. JIM MCLAUGHEN: That's true, with  
16 the exception that we're also now beginning to  
17 include purchase power that we --

18 DR. STEPHEN SMITH: But basically the  
19 hydro in theory is never factored into the  
20 industrial rate, is that what you're saying?

21 MR. JIM MCLAUGHEN: That's correct,  
22 yes.

23 MR. PHIL COMER: Nor for very wealthy  
24 people, they are also excluded, Stephen, people who  
25 live in big houses.

1           MAYOR EDDIE SMITH: Al, I think  
2   you're the next person.

3           MR. AL MANN: Is it possible today,  
4   if the dollars were available, to build more hydro  
5   plants or is the river -- is it impossible today to  
6   do it because there's no place to do it?

7           MR. JIM MCLAUGHEN: Kate is probably  
8   better able to answer that, but my understanding is  
9   it's more of a siting problem than a cost problem.

10          DR. KATE JACKSON: I think there are  
11   several issues. One is there are environmental  
12   concerns with hydro and additional hydro. The costs  
13   are enormous to be able to build hydro. The very  
14   best sites in the Valley have already been used, and  
15   we don't anticipate ever building another one. I  
16   don't know that anybody does.

17          Although what we have decided is we  
18   have looked into modernizing our existing facilities  
19   and upgrading where we can, putting in new  
20   equipment, new capital costs, and we have gotten --  
21   roughly the plan is to get a little bit over -- an  
22   additional 500 megawatts out of the system through  
23   that modernization of the plant.

24          MR. AL MANN: But as far as coming in  
25   and building a new plant, completely new, what

1 environmental issues would there be?

2 DR. KATE JACKSON: Well, there are  
3 impoundment issues. There's land purchase issues.  
4 There are impoundment of existing ecosystems, so  
5 that they are now under water and they were not  
6 before, so you're changing additional ecosystem  
7 impacts. In addition, there are, you know, plants  
8 kind of issues.

9 So people have looked across the  
10 world at low impact hydro, and there are places  
11 where very small facilities could be used for  
12 distributing generation or cogeneration, but that is  
13 not something that TVA would pursue because they are  
14 typically on a very small kilowatt level, and that's  
15 not cost effective.

16 MAYOR EDDIE SMITH: Phil?

17 MR. PHIL COMER: The main thing I  
18 want to know is, how do you spell your name? That's  
19 not difficult.

20 MR. JIM MCLAUGHEN: Jim, J-I-M.

21 MR. PHIL COMER: That really stumped  
22 me. The last name I got. It was that first name  
23 that got me.

24 MR. JIM MCLAUGHEN: It's  
25 M-C-L-A-U-G-H-E-N.



1           MR. PHIL COMER: Yeah, sure. My  
2 second point -- thank you. I just didn't hear it.  
3 I think Jimmy was talking to me or something. It's  
4 Jimmy's fault.

5           The second point I wanted to ask you,  
6 this is a question, but it's sort of a rhetorical  
7 question, I admit. While I understand that --  
8 theoretically let me just pick a date in the ancient  
9 community past when 50 percent of TVA's generation  
10 was hydro and 50 percent fossil or nuclear, the  
11 relative advantage to the lower hydro being  
12 allocated to residential was far more meaningful to  
13 each residential customer than it is last fiscal  
14 year when something like seven percent was hydro.  
15 The cost of the fossil and the nuclear is so  
16 overwhelmingly larger now of the total amount, that  
17 while the hydro is still by far the cheapest, in the  
18 formula it has shrunk almost to the point of being  
19 diminuous.

20           You ought to be able to give us an  
21 example. What does a poor little lady in tennis  
22 shoes pay as a ratepayer on residential versus some  
23 large company like Monsanto?

24           MR. JIM MCLAUGHEN: Well, you're  
25 right, the per capita benefit shrinks every year.

1 To answer your question, the typical consumer gets a  
2 little less than \$7 a month as part of their hydro  
3 benefit. So, yes, it is a small amount.

4 MR. PHIL COMER: Compared to what it  
5 was in 1950?

6 MR. JIM MCLAUGHEN: Yes, that's  
7 correct, and will continue as long as the number of  
8 residential customers and the usage grows, it will  
9 diminish.

10 MAYOR EDDIE SMITH: Okay. Lee?

11 MR. LEE BAKER: I probably should  
12 know this, Jim, but I thought it was \$2 a month.  
13 And before I let you answer that, let me hasten to  
14 point out to the Council that each distributor has  
15 slightly varying different rates from one another.

16 We all purchase power from TVA, but I  
17 would be remiss of mine and Austin's good management  
18 skills if I didn't point out that the reason the  
19 little old lady in tennis shoes has such a deal is  
20 because we only use about 20 cents out of every  
21 dollar. The wholesale rate, it's open to some  
22 debate as to what the value of that wholesale rate  
23 is and what it really should be.

24 So I'm curious, Jim, on the -- I  
25 promise you, I thought it was \$2, and the people

1 back in my office that deal in rates would be  
2 disappointed that I didn't know that exactly, but I  
3 thought it was a \$2 credit per month, which equates  
4 to what, \$24 a year. Whether it's that or something  
5 else, let me let you answer that, is it not two?

6 MR. JIM MCLAUGHEN: There are two  
7 components of the hydro credit going to the  
8 residential customer. There is a \$2.48 rate credit  
9 and there is an amount built into the kilowatt hour  
10 charge that I used to come up with the \$6, almost  
11 \$7. So there is an amount of the credit that's  
12 going to vary with the customers' usage.

13 In my example of almost \$7 I was  
14 using 1,000 kilowatt hours as a typical monthly  
15 bill, and the exact number ends up being \$6.80 for  
16 that 1,000 kilowatt hours. The true value or the  
17 value to the individual customer will vary with his  
18 usage just because there is a part of the hydro  
19 credit that's given back through the kilowatt hourly  
20 charge.

21 Does that answer that?

22 MR. LEE BAKER: Yes, it does, and I  
23 appreciate that, and I should have known it, I  
24 apologize.

25 How then do you then factor in -- and

1 this will become more critical as far as the value  
2 of hydro in a given year relative to the amount of  
3 rainfall, and also especially if we begin to start  
4 moving these drawdown dates backward or forward, you  
5 know, that's certainly -- and, you know, that was  
6 always a bone of contention I had, when somebody  
7 stands up there and tells me that the cost of a  
8 kilowatt hour in August is the same as in December,  
9 I immediately don't suspect them to be telling the  
10 truth about anything else. So we all know that when  
11 you generate has a big difference, and it's going to  
12 play a bigger difference in the future.

13 So how do you factor that dynamic in?

14 MR. JIM MCLAUGHEN: We don't  
15 calculate this value annually. I mentioned earlier,  
16 it's been '93 since the last time we recalculated  
17 the hydro credit. Normally we try to best guess a  
18 normal rainfall year. So we don't base it on any  
19 one year. We look at the latest five years and we  
20 try to adjust that for what we call a normal  
21 rainfall year, and we think that's our best guess  
22 for the future.

23 MR. LEE BAKER: One more. If, in  
24 fact, you change -- the drawdowns change  
25 significantly, is it not reasonable to think that

1 you would have to redo that, revisit that, would you  
2 not?

3 MR. JIM MCLAUGHEN: We haven't. We  
4 accept going into this there is going to be some  
5 under or over collection in any one year and we --  
6 that's why we look at it in a longer period.

7 DR. STEPHEN SMITH: Can I just ask a  
8 clarifying question on the amount?

9 You said \$2.48 and then you said --  
10 is it \$2.48 and then \$6 or is the \$2.48 built into  
11 the \$6 when you figure in the 1,000 kilowatt hours a  
12 month?

13 MR. JIM MCLAUGHEN: That's exactly  
14 what it is. It's \$2.48 per bill plus .432 cents per  
15 kilowatt hour.

16 DR. STEPHEN SMITH: Okay. Any more  
17 questions? If not, then thank you very much, Jim.  
18 We appreciate it.

19 Our next presenter is Dr. Jack Gordon  
20 from Tennessee Technological University who will  
21 discuss water quality below the tributary  
22 reservoirs. Dr. Gordon is here at the request -- is  
23 this the one you wanted to present?

24 MR. JIMMY BARNETT: Yeah.

25 MAYOR EDDIE SMITH: Go ahead.

1           MR. JIMMY BARNETT: I would like to  
2 give you a little background on Jack Gordon. It's  
3 John A., Jack is what he's called, Gordon. He's a  
4 registered professional engineer in the State of  
5 Tennessee. He's a Diplomate of the American Academy  
6 of Environmental Engineers. He has a BS, an MS, and  
7 Ph.D degrees from Purdue University in civil and  
8 environmental engineering.

9           His professional experience has been  
10 with West Vaco Corp., 1966; the U.S. Public Health  
11 Service from '66 to '68; and TVA from '70 to '74;  
12 and the Tennessee Technological University from '74  
13 through 2000. He's currently retired. He's serving  
14 as a professor emeritus at Tennessee Technological  
15 University.

16          During the past 35 years he's  
17 conducted many studies of stream and reservoir water  
18 quality matters for all of the previous employers.  
19 He lives here in Cookeville, Tennessee.

20          Jack, did I leave anything out?

21          DR. JACK GORDON: No. That sounds  
22 about right. This will work now. Okay.

23          Well, it's my pleasure to address  
24 this fine group of the Council, and I appreciate  
25 your deliberations today. Recently in talking with

1 the water quality subcommittee, they said maybe I  
2 could come here and give you a little education on  
3 how reservoirs work from a water quality standpoint.

4           And as Jimmy said, I have about 35  
5 years of experience in that, going back to my days  
6 at West Vaco when we were on the Jackson River there  
7 and the new dam, the Gathright (phonetic) Dam was  
8 going to be put in upstream, and Lake Moomoo was  
9 going to supply us with more water, well, that  
10 sounds great, doesn't it, but the question  
11 immediately came up, do we want the water, you know,  
12 year round that comes out of the reservoir? Is the  
13 water quality good enough for us to accept this  
14 gift?

15           And so 35 years that started my  
16 investigations into water quality in reservoirs, and  
17 I can assure you sometimes that this water is a  
18 mixed blessing on here. You want the water, you  
19 need the water, but when you get it, it's not quite  
20 what you want.

21           Perhaps the iron and manganese is too  
22 high or the dissolved oxygen is below state  
23 standards and so you're taking in a water that's  
24 already in violation of standards. Other problems  
25 may be associated with dissolved gases like too much

1 nitrogen in the water, and so on, and so forth. So  
2 there's a whole idea of water quantity, which we  
3 kind of all want, and also the water quality that's  
4 associated with it.

5           But it turns out that when you store  
6 the water in these reservoirs, we call them storage  
7 reservoirs on here, that during that period of  
8 storage the water quality will begin to change on  
9 you. So a reservoir is really a big treatment  
10 system, and it begins to treat the water that comes  
11 into it. And the more storage time you have,  
12 usually the more treatment.

13           I want to define some things. One of  
14 the things I like to define is water quality. What  
15 are we talking about here? And I think you've got a  
16 pretty good handle on it, but that generally in  
17 water quality we're talking about the physical,  
18 chemical, and biological components of the water.

19           So physical is things like heat,  
20 temperature, turbidity, chemicals, all the chemical  
21 species of the water, like iron and manganese,  
22 dissolved oxygen, some of those, and then the  
23 biological are the fish, aquatic life, the  
24 invertebrates, the macroinvertebrates, even up to  
25 the plants as you have addressed here today. So we



1 have got to take a broad look at water quality in a  
2 reservoir and what are we talking about on the water  
3 quality.

4 For about the last 25 years I have  
5 been teaching a course on water quality of  
6 impoundments and water quality of reservoirs, and I  
7 have about 45 hours of lecture here that I have  
8 tried to condense down into a half hour for you  
9 today.

10 One of the first things I always  
11 start up with is what is water, we have this issue,  
12 and water is pretty poorly understood. It's a  
13 miraculous substance, one that we all depend on, but  
14 what happens in the reservoir really is very closely  
15 associated with the properties of water.

16 We will see how this goes here, but  
17 water, as you know, is oxygen and two hydrogens on  
18 here, let's cut it up like this, and they associate  
19 themselves together in here with some bonding. The  
20 oxygen tends to have a negative charge, while the  
21 hydrogens tends to have a little positive charge.  
22 The molecule looks like this.

23 And these molecules, when they  
24 arrange themselves, that hydrogen is going to come  
25 over here because the positive are going to be

1 wanting to go to the negative on here, but the  
2 oxygens are going to repel each other. So you can't  
3 get very close together on here. So here's another  
4 hydrogen over here. Then maybe we will try to put  
5 another water molecule in here with the oxygen like  
6 this.

7           Well, it's pretty interesting that  
8 these molecules don't touch one another. So they  
9 can have a lot of heat. This molecule can be hot,  
10 this molecule can be cold. They don't touch one  
11 another. They don't share that heat much together.

12           They also exist -- you see all the  
13 open space in here. They exist in a lattice, and it  
14 makes a very important characteristic of water that  
15 allows us to store the water in reservoirs and also  
16 points out similar things.

17           So one of the things I said is that  
18 water does not share its temperature well. It's not  
19 like having a piece of aluminum and a piece of  
20 brass, you put them together, very quickly they come  
21 to the same temperature. Water holds its own  
22 temperature, layers out, as you may well be aware in  
23 these lakes, and holds its temperature for a long  
24 period of time, perhaps a year or so.

25           Water resists evaporation on here.

1 The surface water would normally evaporate. Water  
2 only has a molecular weight of 18, and most  
3 substances like that would evaporate completely. In  
4 fact, they exist in a gas phase. Most materials  
5 exist in a gas phase.

6           Water doesn't evaporate -- let's say  
7 this molecule here is up on the surface and it's  
8 getting very excited due to the heat it's getting  
9 from the sun and it's vibrating around and it would  
10 like to go. However, this hydrogen bond right in  
11 here between this positive and this negative keeps  
12 that molecule from getting away on there.

13           So because that property resists  
14 evaporation, that property allows us to store water.  
15 Other things of a molecular weight of 18 or even a  
16 lot more than 18 cannot be stored because they will  
17 just evaporate away.

18           Another feature of water is that it  
19 absorbs heat with a small change in temperature;  
20 that is, as the sun shines on the reservoir, a lot  
21 of heat is coming in from the sunlight, and yet, as  
22 you're aware, the surface temperature of the  
23 reservoir very seldom gets above 30 degrees  
24 centigrade in the summer. It gets kind of warm but  
25 not hot.

1           In fact, it has such great heat  
2 absorption capacities that it is used for the  
3 definition of heat. So water is used to define  
4 heat. We don't know what heat is, but we know that  
5 we can call one BTU of heat the amount of energy  
6 that raises one pound of water one degree Fahrenheit,  
7 but we use water in that definition of heat or  
8 because of that important property to absorb heat  
9 without a change in the temperature on there, and  
10 that keeps the surface temperatures relatively  
11 moderate throughout the storage period.

12           This open lattice structure, along  
13 with all the positive and negative sites, let it be  
14 an excellent dissolver of gases, salts, and polar  
15 compounds, like sugars, so on and so forth. Of  
16 course, you know, water has been called the  
17 universal solvent in there because of that property,  
18 and that's important for water quality. A  
19 tremendous amount of material can be dissolved in  
20 water. In fact, sea water contains 35 grams per  
21 liter of salt.

22           Now, one of the things that makes  
23 water special is that it has varying density with  
24 temperature. Starting at four degrees centigrade,  
25 as the temperature increases, the density of the

1 water decreases. These molecules get more  
2 vibrational energy, they get farther apart, and the  
3 density decreases.

4           This is a very important parameter  
5 because it lets lakes stratify by temperature,  
6 really by density, but we see it as temperature, let  
7 them stratify by temperature, and then the hydraulic  
8 regime of this storage system changes from what you  
9 would expect in a river and things move by gravity.  
10 Lighter things float on top. Colder things sink to  
11 the bottom. Things that are -- water densities that  
12 are in between take a middle position in that  
13 reservoir.

14           Water doesn't have to flow towards  
15 the dam, from the upper end towards the dam, it can  
16 flow from the dam to the upper end, if that's the  
17 way the density grades are in the reservoir.

18           So hydraulics and reservoir  
19 hydrodynamics becomes extremely important, and it's  
20 necessary to understand how the water is going to  
21 move through the reservoir in order for you to  
22 understand what's going to happen to the water  
23 quality on the system.

24           Okay?

25           Now, one of the things about water,

1 I've said that it gets less dense from four degrees  
2 on up, it also gets less dense from four degrees on  
3 down. From four degrees to zero degrees our water  
4 gets a more and more uniform structure until it  
5 finally gets a tetrahedral lattice type structure,  
6 and ice is lighter than water on there.

7         The density change in the winter is  
8 very, very small. So in the winter we don't have  
9 water quality problems. All our lakes right now are  
10 pretty well mixed from top to bottom. There's lots  
11 of mixing, lots of reaeration. The flow is always  
12 as you would expect from the inflows to the dam and  
13 out through the dam and on downstream. So we don't  
14 have much trouble in the winter.

15         Starting about the 15th of April, the  
16 hydrologic regime means that we bring in warm water  
17 from our tributaries. The reservoir is full of cold  
18 water, we're bringing in warm water, that floats out  
19 from the top. The rain water is warmer, that tends  
20 to float out on the top.

21         We get the lake stratified so that we  
22 end up with a picture maybe with some isotherms,  
23 that this might be about eight degrees centigrade,  
24 this about ten degrees centigrade, might be 14 up  
25 here, and the surface temperature maybe about 20

1 degrees centigrade. So the reservoir becomes  
2 stratified in this manner.

3 Okay?

4 Now, for most of the tributary  
5 reservoirs in the TVA system, the outlet is down  
6 deep so that water will be taken out from either a  
7 deep outlet to a mid level outlet. Now, some of the  
8 tributary reservoirs, I guess like Douglas, have  
9 more of a uniform withdrawal, but Watauga and South  
10 Holston, I think, have mid level outlets. Many of  
11 the other reservoirs have low level outlets. So  
12 that's our outlet point, and the water will come off  
13 there.

14 Theoretically as you begin to take  
15 the water off, I tell people that it's like a deck  
16 of cards and you're dealing off the bottom.

17 Okay?

18 So here maybe our bottom card would  
19 be seven degrees centigrade. We deal off all the  
20 seven degree cards, then they come down to the eight  
21 degree cards, then down to the ten degree cards,  
22 then down to the 12 degree cards, the 14, and so on  
23 and so forth.

24 As we take this water out of here,  
25 each one of the layers is moved out, and they can do

1 this with -- water is amazing in that you can take a  
2 layer of water -- well, one layer of water can be  
3 moving this way and another one this way, and the  
4 film in between will be just a few molecules deep.  
5 Again, it goes back to that structure. Those  
6 molecules don't touch each other. So all you have  
7 to do to move water in one direction from another is  
8 to break those hydrogen bonds and move them across.  
9 So this is kind of our outflow picture.

10 Now, when we look at the inflow  
11 picture of where the water is coming in, we  
12 essentially have three conditions that can happen on  
13 the inflow up here. We can have a surface flow in  
14 which the water is warm and comes into -- as a  
15 surface layer and flows right out on the surface,  
16 and that's called a surface flow on the reservoir.  
17 And depending on what the water quality of that  
18 surface flow is, certain things are going to happen.

19 The next thing is that if the water  
20 comes in, say, from an upstream impoundment, so if  
21 you're on, say, Cherokee reservoir and you're  
22 getting water from Watauga and South Holston on  
23 there, that water is going to be cold, probably  
24 colder than anything else in the system.

25 Water from Norris reservoir comes to



1 Melton Hill, it's colder than anything else in the  
2 system, and that's an underflow when this water  
3 flows down the bottom just like this because it's  
4 colder than anything else and then moves towards  
5 that outlet, that's an underflow.

6           Well, of course, there's one in the  
7 middle. What if the water coming in is not as warm  
8 as what's on top but it is warmer than what's on the  
9 bottom, well, then you get an interflow in through  
10 here like this and the water -- and its water  
11 quality constituents that may include municipal and  
12 industrial pollution, point and non-point sources,  
13 and natural sources of contamination all come in  
14 here like this. So it turns out to be really  
15 important to know which way the water moves through  
16 the reservoir.

17           Now, some of the upstream currents  
18 that I've talked about, if you have an interflow  
19 coming down through here, then the water has to be  
20 displaced, and a lot of times with that situation  
21 this is when we will see the upstream flows like  
22 this, that the water is moving down through here and  
23 that forces the flow up in this direction, and it's  
24 pretty easy to come in here and it eventually comes  
25 to someplace around here. And at this particular

1 point in the reservoir a lot of times you'll -- this  
2 is what's called a duck underpoint where you have  
3 got the warm water coming in and turning back down.

4           These could be seen throughout the  
5 spring and the summer on just about any reservoir as  
6 a trash line across the reservoir. A comment was  
7 made a few minutes ago about trash along the  
8 reservoir, milk jugs, and these kind of things. So  
9 as you're boating on a reservoir, particularly in  
10 the upper one-third of the reservoir, very often you  
11 come to these trash lines, and this is a line of  
12 trash all the way across the reservoir, probably  
13 most of you have seen it, and that is the place  
14 where this water is meeting this water and turning  
15 down and the water is just floating like this and  
16 going down and the trash can't go down, so it  
17 accumulates right there. So you've probably seen  
18 that.

19           DR. KATE JACKSON: Excuse me. She  
20 needs to change paper.

21           DR. JACK GORDON: All right. Now,  
22 the stratification, essentially the simplest way to  
23 look at it is it divides the reservoir up into two  
24 layers up here. Your surface layer up here on the  
25 top, we can look at the characteristics of this

1 surface layer, it's warm. It tends to be warm water  
2 floating up there. It is pretty well mixed down to  
3 a depth of, say, 20 to 25 feet. There's pretty good  
4 mixing up there.

5           There's what we call reaeration on  
6 here, which means that we're putting lots of O<sub>2</sub>,  
7 oxygen, back in there from two processes. One is  
8 photosynthesis where they are growing algae and  
9 that's creating oxygen. The other one is simply  
10 taking the 20 percent of oxygen that's in the air  
11 and redissolving it in the water, that's pretty  
12 good.

13           There's light up here so that we can  
14 develop based on nitrogen and phosphorus the green  
15 crop of the reservoir, and then everything else is,  
16 most of the time, based on that green crop on there.  
17 There's the zooplankton plankton or phytoplankton,  
18 the zooplankton eat the phytoplankton, and then the  
19 fish eat the zooplankton, and so on and so forth, so  
20 you go all the way up to the fish based on the fact  
21 that there is a source of energy there, which is  
22 light, and nitrogen and phosphorus on there. So  
23 this gives us essentially our crop in here.

24           For the most part during the summer  
25 period during stratification, water quality will be

1 pretty good up here in this surface layer on here.  
2 Like I said, there will be plenty of dissolved  
3 oxygen. The temperatures are warm, between 20 and  
4 30 degrees centigrade. Lots of light is available.  
5 If you don't have too much nitrogen and phosphorus,  
6 you will have moderate amounts of algae and you'll  
7 be pretty happy with it.

8 Now, this lower layer that's down  
9 here, there is a place where the change in  
10 temperature with depth becomes proofed and round and  
11 that eliminates mixing. So down here we end up with  
12 this cold layer on here. We essentially see no  
13 mixing in here. And without any mixing, there's no  
14 reaeration, no reaeration of dissolved oxygen.  
15 We're -- you know, light only penetrates so far down  
16 into the water on here, so we have no light coming  
17 in down here, and what happens is this region down  
18 here tends to be dominated by bacterial processes.

19 Okay?

20 So where we have photosynthetic  
21 processes up here going on to invertebrates and then  
22 on to animals, down here we have primarily bacterial  
23 processes going on in this lower layer.

24 Now, the water quality changes start  
25 occurring down here in this hypolimnion, we call it,

1 this lower layer. We start getting some pronounced  
2 water quality changes there. One of the things  
3 that's usually good is the sediment settles out. So  
4 if we came in with muddy sediment, a lot of times  
5 that settles out. And, you know, we have very clear  
6 water below these impoundments, and that's pretty  
7 good.

8           On the other hand, these bacteria  
9 like to use dissolved oxygen in order to consume any  
10 organic matter. And up here in the top, you know,  
11 even if it's a complete and natural system, we have  
12 got ducks and geese and material washed in from deer  
13 and male wild boar populations, and so on and so  
14 forth on there, and animals, and those kinds of  
15 things. Plus, we have the dead and decaying algae  
16 and dead and decaying fish moving down through here  
17 and the bacteria begin to decompose those. The  
18 bacteria will first begin to remove the dissolved  
19 oxygen.

20           Now, I guess about 31 years ago Milo  
21 Churchill, who was the head of TVA's water quality  
22 branch, he said, Jack, why don't you take about six  
23 months and tell me why dissolved oxygen goes out in  
24 reservoirs. Well, 31 years later I'm still working  
25 on that. We've come up with a lot of things, but

1 definitely one thing is that bacteria use the  
2 dissolved oxygen as an oxidizing organic matter. So  
3 for every oxidation, you know, the law says you must  
4 be of subsequent reduction. So organic matter gets  
5 mineralized or oxidized to CO<sub>2</sub> and water and, say,  
6 nitrate for the nitrogen and oxygen gets reduced to  
7 water, back to water.

8           So for every oxidation there has to  
9 be a reduction, and oxygen turns out to be the  
10 victim here, and there's not very much oxygen to  
11 start with. The most you're ever going to have is  
12 amount eight milligrams per liter to start with on  
13 there, and that's not very much when everything, the  
14 fish and the bacteria all want to use that oxygen.

15           So in some reservoirs, very quickly,  
16 Cherokee reservoir, in three weeks to a month all  
17 the dissolved oxygen is gone. Other reservoirs,  
18 like South Holston and Blue Ridge, the oxygen might  
19 last through the whole stratification period. It  
20 depends on how much organic matter there is  
21 essentially for the bacteria to work on and use up  
22 the oxygen.

23           Now, once the oxygen disappears, the  
24 oxygen goes to zero, then we might have that water  
25 that we don't want anymore, they say, all right, we

1 will give you 30,000 cubic feet per second but it's  
2 got zero DO. If you're Nashville, you don't want  
3 that on there because you have no waste assembly  
4 capacity or anything else on there. So we have to  
5 look at that water quality.

6           Yesterday we were talking a little  
7 bit, and I said, even after the DO goes to zero,  
8 you're not at the worst condition you can be. There  
9 are additional bacteriological processes that begin  
10 to occur, like after the DO goes to zero, then the  
11 bacteria, they still want to oxidize the organic  
12 matter, they don't have any oxygen for reducing  
13 anymore, they will reduce the oxides of manganese.

14           So we will have -- our DO goes to  
15 zero. After that we will start having productions  
16 of manganese. A couple of weeks after that, as the  
17 intensity of the anaerobic process gets more and  
18 more, we will have oxidation of iron. Then we will  
19 have the production of a odorous gas, hydrogen  
20 sulfate. And then finally the bacteria will get  
21 down to where they have to oxidize one organic  
22 molecule and reduce another one.

23           The true fermentation there, we  
24 enjoyed some wine last night at dinner, that's a  
25 true fermentation. Sugars were partially oxidized

1 and alcohol was produced as a reduced end product on  
2 here. So we finally come down here to reduced  
3 organics.

4 Okay?

5 So depending on how long the water is  
6 stored in the reservoir, I mean, the DO might go to  
7 zero, and does in probably 80 to 90 percent of the  
8 reservoirs. DO goes to zero and a lot of people  
9 say, well, that's as bad as it gets, but it can  
10 actually get worse than that. For water treatment  
11 plants manganese and iron are problems. For  
12 aesthetic reasons, hydrogen sulfate is a problem.  
13 And then the reduced organics may require additional  
14 remedial work when you're trying to restore the  
15 reservoir system to a lot better health on there.

16 Now, I have talked about what goes on  
17 in the reservoir, and I think the assignment was to  
18 talk about what happens below reservoirs, but to go  
19 back, you know. 35 years ago when I was at West  
20 Vaco, we were below a reservoir. We were going to  
21 be given some water, but first we had to know what  
22 went on in the reservoir to see if we were going to  
23 accept that water.

24 And the same condition is there  
25 today. People who live below the reservoirs, water



1 treatment plants for producing drinking water, trout  
2 fishery groups, rare and endangered species groups,  
3 so on and so forth, along with governmental bodies  
4 will want certain water quality conditions met  
5 downstream of that reservoir.

6           So what happens is we go back to this  
7 picture and we take the water out of the reservoir  
8 somewhere and that water will have the  
9 characteristics that have been developed within this  
10 reservoir. And it's a little more complicated than  
11 I have shown you here. I have tried to show you a  
12 two-layer system of warm water on top and cold water  
13 on the bottom. At the very least, you have to look  
14 at it as a three-layer system.

15           There is a middle layer in most  
16 reservoirs that have some different water quality on  
17 it, but as you take the water out here, not only do  
18 you get the temperatures as I described, but you  
19 will get the water quality as well, maybe the zero  
20 DO and the two milligram per liter of iron or  
21 manganese and/or iron and manganese, maybe some  
22 hydrogen sulfate, and maybe some immediate dissolved  
23 oxygen demand from the reduced organics in there.

24           Now, there are ways of remediating  
25 that. And TVA did a lot of work in the 1990's,

1 spent a lot of money to remediate many of the things  
2 that had been going on since Norris in 1934 or five  
3 in there. And I don't want to go into the  
4 remediation of that because there are lots of  
5 possibilities.

6 But one of the things that the water  
7 quality committee wanted me to maybe touch on was  
8 what kind of downstream effects would likely be  
9 experienced from prolonged storage in there. And  
10 it's sort of a matter of fact that the longer you  
11 hold the water the poorer the water quality is going  
12 to be.

13 For instance, I have looked at  
14 Raccoon Mountain pump storage, you pump water out of  
15 Chickamauga Lake up to there, how long can you hold  
16 before the DO goes down to zero, and it turns out to  
17 be like a week or so, the last time I looked at it.  
18 Then you have to discharge it, otherwise you'd have  
19 to reaerate it. So you can't store the water  
20 forever without experiencing some of these problems  
21 that I have described.

22 So what would happen in our existing  
23 reservoirs if we have longer storage than we have  
24 now?

25 Many of these things were addressed

1 in the 1990 draft -- or full Environmental Impact  
2 Statement that TVA is working on, but some of them  
3 that I noted, I think the temperature will tend to  
4 be colder year around if we hold the water in the  
5 reservoirs longer, that the water will be colder. I  
6 was just looking in that 1990 draft Environmental  
7 Impact Statement, and it says, in some reservoirs it  
8 could be as much as nine degrees centigrade colder,  
9 and that might have -- it certainly would have some  
10 impact on growth of trout in those downstream areas.  
11 If the water is colder, the trout are going to grow  
12 less. If it's a trophy trout area, there will be  
13 some problems there. It might also keep the aquatic  
14 weeds from growing so fast because their growth rate  
15 would be slowed down some as well.

16           The low dissolved oxygen, I think the  
17 longer you store -- those reservoirs that still  
18 maintain a little dissolved oxygen are going to lose  
19 more. So lower dissolved oxygen could be expected.  
20 Now, if it's already zero, it won't get any lower  
21 than that, but if there is existing dissolved  
22 oxygen, which there are in five or six of these  
23 tributary projects, I think you would expect it to  
24 get a little lower.

25           The iron and manganese could be

1 expected to get a little bit higher. In one of the  
2 studies I did at the university we simulated  
3 Normandy reservoir through a whole year. So we had  
4 a period of four months of mixing of the water and  
5 then we stratified it, and we went on through the  
6 summer period and we got up to two to three  
7 milligrams per liter of manganese, and we said,  
8 well, we don't really have to quit this, we can let  
9 it go on.

10           And I had this idea in mind, I  
11 wondered, will the iron and manganese continue to  
12 accumulate if I hold it for a longer period of time,  
13 and sure enough, they did. We held it several more  
14 months and they went up to 14, 15 milligrams per  
15 liter. So I think iron and manganese problems would  
16 be expected.

17           Hydrogen sulphite odors, we would  
18 expect more of those. And reduced organics very  
19 possibly in some of the reservoirs, I think, might  
20 be a problem in using some of the existing aeration  
21 devices that were put in in the last ten years.  
22 Some of these reservoirs, right now they have low  
23 dissolved oxygen. They reaerate that with weirs,  
24 with turbine venting, a number of other processes,  
25 but weirs and turbine venting, I think, are the main

1 ones. Turbine pulsing is another. So the lower  
2 levels of dissolved oxygen and some of these  
3 residual organics may be a problem on that. And it  
4 could be that some of the projects that do not now  
5 need aeration, such as Blue Ridge and Fontana, might  
6 need reaeration with prolonged storage on there.

7           Now, one thing I wanted to make a  
8 comment on, I made this to the water quality  
9 subcommittee, is it's very hard to be -- to  
10 generalize on this particular subject.

11           Okay?

12           Every one of these individual  
13 reservoirs is unique. Every one of them has a  
14 different hydraulic structure. Some have one  
15 inflow. Fontana has three different inflows, three  
16 different temperatures. We saw something on that  
17 today on that. The reservoirs have different  
18 outflows and they have different storage periods.  
19 Some may be for 100 or 120 days. Others may be as  
20 much as 250 days or possibly even slightly more  
21 storage.

22           So these things are a function of --  
23 the water quality changes are a function of the time  
24 you store the water, the temperature that the  
25 process is taken out, the presence or absence of

1 light, and then the presence or absence of what we  
2 call terminal electronic ceptors, which are  
3 dissolved oxygen, manganese, iron, oxides, and some  
4 of the organic matters for hydrogen sulfite and  
5 sulfate. So those things all come into be -- to  
6 make this very site specific.

7         So I think at each reservoir that you  
8 might consider what's the effect of some  
9 modification in the hydrologic regime of that  
10 reservoir, I think it would probably -- each  
11 reservoir would have to be analyzed separately, and  
12 it would be very hard to generically treat those.

13         You can do that. There are models,  
14 and TVA and others around the country have two  
15 dimensional reservoir models that work pretty well  
16 for making these predictions based on some sort of a  
17 new operating regime and that could be done.

18         Once that's done and we look at  
19 what's coming out down here, then cost figures can  
20 be studied to see if it's possible to reareate the  
21 water, treat the iron and manganese, and so on and  
22 so forth.

23         The other point I might make is that  
24 the effects in most cases probably accumulate in a  
25 downstream direction. So if you have, say, Watauga

1 and South Holston and you change the operating  
2 regime there, that effect is going to be transferred  
3 on to Cherokee, and Cherokee will go on down to the  
4 mainstream, Melton Hill, Knoxville, I don't know if  
5 I am saying that right, the one there at Knoxville.

6 MR. PHIL COMER: Goes into Watts Bar.

7 Melton Hill goes into Watts Bar.

8 DR. JACK GORDON: Yeah, I know,  
9 Melton Hill goes into Watts Bar. Fort Loudon,  
10 that's the one. So anyhow that water quality effect  
11 would go to Fort Loudon and then down into  
12 Chickamauga and on downstream from there. So a lot  
13 of times those water quality effects are carried  
14 along.

15 For instance, a colder temperature  
16 at -- more cold water into the fall might be  
17 carried, oh, say. All the way down to perhaps mid  
18 Alabama, something like that. But, again, we have  
19 models for addressing those particular situation as  
20 well.

21 Let's see how I have done on that.  
22 That's pretty much, I guess, my ideas. I wasn't  
23 sure exactly what to present to this body today, and  
24 so over the last two days I have asked a lot of  
25 people what they would like to hear about and where

1 we need to start with this. So I think this is my  
2 start, and then I'd certainly be glad to try to  
3 answer questions that you might have and want to  
4 reserve time for that.

5 MAYOR EDDIE SMITH: Okay. Roger?

6 SENATOR ROGER BEDFORD: In summary,  
7 each lake has its own unique qualities and  
8 attributes, I understand that, and not to be too  
9 general, but the longer you hold the water up the  
10 deader the oxygen is going to be in it, the more  
11 iron and manganese it's going to contain, and the  
12 greater the impact it's going to have the cooler the  
13 overall water gets -- the later you get into the  
14 fall when you release it, the further it's going to  
15 get downstream?

16 DR. JACK GORDON: Yes, that's been my  
17 experience. And yesterday, in rereading the 1990  
18 Environmental Impact Statement, that's the same  
19 thing that TVA said with the difference between what  
20 they had with alternative two, I think, which was  
21 September 1 -- or August 1, and the next alternative  
22 three which was for October 1st.

23 MR. PHIL COMER: October 31st. They  
24 didn't study October 1.

25 SENATOR ROGER BEDFORD: And the



1 greater then -- the longer you wait into the fall,  
2 the greater impact goes downstream?

3 DR. JACK GORDON: Yes, I would think  
4 so in general on there, that the longer you wait  
5 into the fall the colder the temperatures are going  
6 to be and the poorer the water quality is going to  
7 be coming out of the reservoir.

8 Now, in today's environment I think  
9 we would have to mitigate the problems right there  
10 at the release point. Twenty or 30 years ago we  
11 didn't have to, but now I think if you -- you know,  
12 the 1990 improvements in water quality have pretty  
13 much put us in a position to where low dissolved  
14 oxygen and iron and manganese problems and possibly  
15 some of the other organic problems would have to be  
16 mitigated right there at the discharge point.

17 MR. BILL FORSYTH: Aren't those being  
18 pretty much mitigated now?

19 MR. PHIL COMER: They started in  
20 1991, Jack, at Fontana, Cherokee, Douglas, and  
21 Norris, they started mitigating them now by the  
22 methods you mentioned, plus oxygen -- pure oxygen  
23 injection into some systems. So they are being  
24 mitigated.

25 My question was, where does the

1 manganese come from? Roger wanted me to ask that.

2 DR. JACK GORDON: There's a mineral,

3 a very simple mineral, pyrolusite, manganese

4 dioxide, that is in most soils everywhere.

5 Manganese, I don't know, is about the 12 most

6 abundant minerals on earth on here. And it's been

7 found in the last 15 years that bacteria, when they

8 are decomposing organic matter, can kind of take

9 this oxygen off of here and the manganese goes from

10 the insoluble form, this form right here we usually

11 draw a line under it to show it's insoluble mineral

12 form, it goes from the mineral form to the dissolved

13 form. And this dissolved form, in the absence of

14 oxygen, is pretty stable.

15 MR. PHIL COMER: What about alumina?

16 You didn't mention alumina, And that's even more

17 common than the manganese in all of East Tennessee.

18 It forms a flocculent, is that --

19 DR. JACK GORDON: Right. Alumina, of

20 course, forms of alumina hydroxide like this which

21 flocculates out, it's been my experience, I have not

22 found aluminum dissolving in reservoirs. I do find

23 it in acid mine drainage. So you'll normally need a

24 pH of about 2 and 1/2 in acid mine drainage to

25 dissolve the aluminum out on there or we have to

1 have some kind of pyritic material to do that.

2 MR. PHIL COMER: So if the pH is near  
3 neutral it doesn't happen?

4 DR. JACK GORDON: Yeah. About the  
5 worst pH we will see in this bottom water in the  
6 reservoir is 6, most of the time 6 and 1/2. So we  
7 don't have problems with aluminum dissolving in the  
8 water.

9 MAYOR EDDIE SMITH: Okay. Austin, I  
10 saw your card.

11 MR. AUSTIN CARROLL: Would holding  
12 the lake levels up longer cause TVA to have to  
13 implement additional mitigating strategies? I mean,  
14 have they got to spend more money to get the water  
15 right going out of the dams, that they are meeting  
16 water quality standards or whatever?

17 DR. JACK GORDON: I think probably,  
18 you know, only a detailed analysis of each reservoir  
19 would show that. In general the longer you store  
20 the water, the poorer the water quality tends to be.  
21 So, as I said, some of the reservoirs that now maybe  
22 don't have dissolved oxygen problems might have  
23 dissolved oxygen problems, and those that do have  
24 dissolved oxygen problems now could possibly be  
25 worse. It would certainly extend over a longer

1 period of time.

2 Now, for the remediation method, if  
3 you're using something like a weir, if you had to  
4 use a weir two months longer, it doesn't make too  
5 much difference, but turbine venting has a power  
6 cost and would cost a little more to mitigate those  
7 problems.

8 MR. AUSTIN CARROLL: Would you get  
9 into having to do -- at one place they are doing  
10 pumped oxygen or something.

11 MR. PHIL COMER: Two places.

12 DR. JACK GORDON: Let's see, Fort  
13 Patrick Henry still pumps oxygen, and Douglas pumps  
14 a lot of air and some oxygen up there, and I think  
15 they would have to continue to pump for longer  
16 periods of time probably.

17 MR. AUSTIN CARROLL: Would it -- I  
18 mean, would you have to do that on other reservoirs?  
19 It's hard to say?

20 DR. JACK GORDON: It would be hard to  
21 say generically. As each one of these problems is  
22 specific, the remediation is specific as well. So  
23 that's why, say, Douglas does not have cold water  
24 downstream. They don't mind if they mix the  
25 reservoir up in the forebay so that they will have a

1 completely different technique for mitigating the  
2 situation than they do at, say, Chatuege and Nottely  
3 on there.

4           So just as the water quality things  
5 are different, when you go to fix that the physical  
6 characteristics of the reservoir dictate what can be  
7 done and what can't be done as far as mitigating the  
8 problems. So that has to be done on a case-by-case  
9 basis, too.

10           MAYOR EDDIE SMITH: Al, did you have  
11 a question?

12           MR. AL MANN: Yeah, real quick. I  
13 have heard the terminology of turnover or water will  
14 turn over within a reservoir or lake or whatever.  
15 Is that a temperature thing?

16           DR. JACK GORDON: Yes. It's a  
17 temperature density thing. What happens is -- I  
18 have got a messy slide here. But let's say in the  
19 fall we got into this situation, eventually the cold  
20 air in the fall is going to be begin to cool this  
21 surface water up here. So let's say that we have a  
22 real cold windy day and we take a layer right up  
23 here and we cool that down, now it's heavier than  
24 all the rest of the water in the lake or at least  
25 some of the water.

1           So these water molecules will tend to  
2 fall down through here like this, and they mix that  
3 layer, and that begins the fall overturn process.  
4 Maybe the next is a little colder than the previous  
5 week and it mixes down. So a reservoir will mix  
6 down a little bit at a time on here. And some  
7 reservoirs can turn over pretty quickly in a period  
8 of week. This colder water comes back in here to  
9 replace it, but it's definitely a temperature  
10 phenomena.

11           And one of the things that the 1990  
12 proposal looked at for long-term storage was because  
13 the reservoir would be a little colder into the  
14 fall, the fall overturn would take place later in  
15 the year; that is, the fall overturn occurs when the  
16 air temperature is colder than water temperature.  
17 So if you keep the reservoir colder, then you have  
18 to wait until later in the fall until the air  
19 temperatures get down colder than water  
20 temperatures.

21           MR. AL MANN: Is that a good thing or  
22 bad thing as far as water quality goes?

23           DR. JACK GORDON: Generally it's  
24 good. You go back into the mixing process where the  
25 reservoir is mixed from the top to the bottom. You

1 get into that winter period that I described where  
2 we essentially don't have any water quality  
3 problems.

4 MR. AL MANN: So if you're holding it  
5 up there longer, it's going to get cooler in the  
6 fall, so it's going to have an effect of improving  
7 that water quality then?

8 DR. JACK GORDON: But it's going to  
9 be later in the fall, maybe instead of occurring the  
10 first of November it will be the middle or third  
11 week of November, something like that, just  
12 generically speaking.

13 MAYOR EDDIE SMITH: Okay. Do we have  
14 any other questions for Dr. Gordon?

15 MR. LEE BAKER: Do we get credit for  
16 this course? That was very good.

17 DR. JACK GORDON: Let's see. I give  
18 three hours of credit for 45 hours of lecture. So  
19 we can give 1/45th times three.

20 MAYOR EDDIE SMITH: Dr. Gordon, we  
21 thank you for your presentation and we appreciate  
22 you being here, and we appreciate the water quality  
23 subcommittee.

24 We have a couple of other things we  
25 need to do before we wrap up for the day, and one is

1 to get reports from the subcommittee chairs and also  
2 to talk about any issues we need to get on the  
3 agenda for the next time. So I'm going to ask Jim  
4 to come around and take care of those two items, and  
5 I will come back with a couple of wrap-up questions  
6 and we should be getting out of here pretty soon.

7 MR. JIM CREIGHTON: Actually, Eddie,  
8 I know there's some people feeling some urgency to  
9 leave, and we do have some draft language for the  
10 committee recommendation. Let's do that.

11 We have a handout. In the meantime  
12 we're -- we typed it up on a computer that's a  
13 different generation, and so on. So in a moment we  
14 will have it up on the screen. You will have it in  
15 your hands as well.

16 DR. KATE JACKSON: While we're  
17 handing that out, if I could do one brief thing. I  
18 had a home based emergency overnight, which started  
19 me thinking about this DFO responsibility and your  
20 inability to meet unless there's a DFO here.

21 I thought probably what I ought to do  
22 is designate an alternate DFO in case there is a  
23 meeting that I can't, for some reason, make it to.  
24 So I would like to just name Janet Herrin as my  
25 alternate. It's really a paperwork kind of a thing



1 so you can meet without me.

2 MR. JIM CREIGHTON: Do you want to go

3 ahead? We will have it up in just a moment.

4 MR. BRUCE SHUPP: I just want to put

5 that up there to go back and recoup where we were;

6 that is, I believe we agreed that we were going to

7 extract that yellow outline language and then come

8 up with a final statement, final paragraphs that

9 would delineate the physical strategy, so that's

10 where we are now. I believe we have accepted that.

11 Does everybody concur that we have

12 accepted that language? Okay. I take that as a

13 yes.

14 MR. AL MANN: I think it's great.

15 MR. BRUCE SHUPP: All right. The new

16 language, let's go over it. You-all have a copy of

17 it. Why can't we see it?

18 MR. JIM CREIGHTON: Good question.

19 It's coming.

20 MR. BRUCE SHUPP: All right. The

21 Council believes that funding responsibility for

22 aquatic plant management on the TVA waterway system

23 should be the responsibility of the federal

24 government, but TVA no longer receives federal

25 appropriations for natural resource stewardship.

1 Therefore, full financial responsibility for aquatic  
2 plant management now falls on TVA ratepayers. The  
3 Council believes that ratepayers should not be the  
4 primary source of funding for aquatic plant  
5 management.

6           Nevertheless, the Council believes  
7 that TVA should continue funding of aquatic  
8 management, and the Council commits itself to work  
9 with natural resource stakeholders in the Tennessee  
10 Valley and the TVA board to aggressively seek  
11 resumption of federal funding for TVA stewardship  
12 activities.

13           The Council also believes that there  
14 are opportunities that TVA should pursue for  
15 partnering with local stakeholders and governments  
16 to meet local needs through cost sharing or fee  
17 arrangements.

18           Julie?

19           MS. JULIE HARDIN: I think I would  
20 delete nevertheless in your first paragraph or else  
21 explain to me why it's there. What does that mean?

22           MR. BRUCE SHUPP: Jim?

23           MR. JIM CREIGHTON: It was sort of,  
24 in effect, despite the fact that the Council  
25 believes ratepayers should not be the primary

1 source, the Council does believe that funding should  
2 continue.

3 MS. JULIE HARDIN: Say that again,  
4 Jim. I'm sorry.

5 MR. JIM CREIGHTON: The nevertheless  
6 was kind of -- we just said, the Council believes  
7 that ratepayers should not be the primary source of  
8 funding for aquatic management. Nevertheless, the  
9 Council believes that TVA should continue funding.

10 MS. JULIE HARDIN: Wouldn't it be  
11 stronger to say, the Council believes that  
12 ratepayers should not be the primary source,  
13 da-da-da-da, the Council believes that TVA should  
14 continue funding aquatic plant management?

15 MR. BRUCE SHUPP: But that is the  
16 ratepayers.

17 MS. JULIE HARDIN: I got you.

18 MR. JIM CREIGHTON: It's the contrast  
19 between -- it's the dilemma of, on the other hand,  
20 we don't think ratepayers should do it but we think  
21 the funding should continue, and then you in the  
22 next paragraph are saying, this is what we're going  
23 to do about it.

24 MS. JULIE HARDIN: Okay.

25 MR. BRUCE SHUPP: Any other comments?

1 MS. ANN COULTER: Well, I think you  
2 have done a marvelous job of editing under pressure.  
3 I have a couple of thoughts. First of all, the last  
4 sentence in the first paragraph, I really believe we  
5 ought to put some kind of a time table on there,  
6 otherwise, I'm not sure this will be taken as  
7 seriously as it would otherwise, as in should  
8 continue that funding up to a certain year or  
9 whatever timetable seems appropriate or whatever  
10 decreasing proportion of the responsibility seems  
11 necessary.

12 And the second point is, in the  
13 second paragraph, I'm not sure the Council has the  
14 authority to commit itself to do that kind of work.  
15 I believe that's too far afield of our mission.

16 MS. JULIE HARDIN: I agree.

17 MS. ANN COULTER: I understand the  
18 thought, and I think we all bear some responsibility  
19 to try to see that that happens, but I'm not sure  
20 that the Council can commit itself to that as a  
21 body.

22 MR. BRUCE SHUPP: Who else?

23 MS. JULIE HARDIN: I agree with that,  
24 Ann.

25 MR. COMER: I agree with Ann.

1 MR. JIM CREIGHTON: On both points or  
2 just on the last?

3 MR. PHIL COMER: Both points.

4 MS. JULIE HARDIN: Both points.

5 MR. PHIL COMER: Just to try to nail  
6 this down, Austin mentioned this earlier, the same  
7 thing Ann is now, the first point, nevertheless, the  
8 Council believes that TVA should continue funding of  
9 aquatic plant management through fiscal year 2003.

10 MR. BRUCE SHUPP: Then what?

11 MR. PHIL COMER: Well, the federal  
12 government has got to kick in, that puts a deadline  
13 pressure.

14 MR. AUSTIN CARROLL: I think it  
15 should be through 2001, at the latest 2002.

16 MR. PHIL COMER: The only reason I  
17 said 2003, Austin, is Roger pointed out the  
18 governmental budgeting practicalities that they are  
19 already working on 2002.

20 MS. JULIE HARDIN: Working on 2002.

21 MR. BRUCE SHUPP: They are working on  
22 2002 now. That gives us input to affect change by  
23 2003.

24 MR. PHIL COMER: That's the only  
25 reason.

1 MR. BRUCE SHUPP: That means we have  
2 one shot, that's all, one shot.

3 MR. PHIL COMER: That's the only  
4 reason.

5 MAYOR EDDIE SMITH: Let me take a  
6 shot at that one. I think the language as it is,  
7 aquatic management until such time as other funds  
8 are available but not later than fiscal year 2002.

9 MS. JULIE HARDIN: 2003.

10 MR. PHIL COMER: See, we're in 2001  
11 now.

12 MR. AUSTIN CARROLL: I understand  
13 that, and I think if it -- I think TVA paying it  
14 through this next year is enough, through 2002.

15 MR. PHIL COMER: Okay. I see your  
16 point.

17 MR. BRUCE SHUPP: Let me make a point  
18 though. Let's assume that they chose that  
19 stakeholders -- and we're talking about Guntersville  
20 now, is what we're talking about. Let's assume that  
21 they said, okay, we see where you're going and we're  
22 going to try to get a new tax base proposal  
23 underway, I don't believe they could achieve that in  
24 two years. I mean, to propose it, to discuss it  
25 publicly, to go to the legislator to get the help to

1 get it done, I don't think they can do it in two  
2 years. So we may be unrealistic in that regard.

3 MR. AL MANN: Bruce, I have one  
4 other -- this is just kind of a question on the  
5 second paragraph where it says, and the TVA board  
6 aggressively seeks the resumption of federal funding  
7 for TVA stewardship activities, how about resume  
8 federal funding for non-power -- TVA non-power  
9 activities?

10 MR. PHIL COMER: Yes.

11 MR. BRUCE SHUPP: Let's take one of  
12 them at a time.

13 MR. AL MANN: I'm sorry.

14 MR. BRUCE SHUPP: I think I would  
15 like to resolve the timetable one first. We had --  
16 Jim and I had it in the original draft that we did,  
17 and then we took it out because we couldn't agree  
18 where we wanted to go with it or what it should be.

19 Do we want to put that in there? Do  
20 we want to set a time deadline?

21 A sunset for our policy is what we're  
22 doing. We're literally sunseting this policy by  
23 saying, this policy will be revised if the federal  
24 funding hasn't been achieved by X year, we can say  
25 that, too. Instead of saying some other

1 consequence, we could say, we're going to revisit  
2 our recommendation, rather than saying that TVA  
3 should cease funding.

4 DR. STEPHEN SMITH: Yeah, that's a  
5 possibility. The other thing would be to think  
6 about some sort of language that says that after a  
7 certain date, you know, TVA should diminish its --  
8 in other words, you start -- you said in there some  
9 sort of a decline, so there's not at like one point  
10 they immediately withdraw, but you sort of put a  
11 slope -- a declining slope at some point that begins  
12 to become active.

13 So it's not like one year you're  
14 funding but the next year you're not. What happens  
15 is you say, for the next 24 months TVA should do  
16 this, and then after that the declining slope on how  
17 much they will contribute.

18 I mean, I -- because what gets me is  
19 what happens the year that you -- basically if  
20 Congress hasn't responded, then what happens? And  
21 again, the other thing is you just -- you could say,  
22 are we back in business where we come back and talk  
23 about this and it falls back in TVA's lap?

24 I mean, what we have heard from some  
25 of the people in Guntersville is that one or two



1 years of mismanagement can lead to years of having  
2 to get back ahead of the curve again. So I think  
3 that we need to be conscious of what happens at that  
4 point.

5 MR. BRUCE SHUPP: Oh, I'm concerned  
6 with the Guntersville situation more on the  
7 sociological impacts of missing a couple of years  
8 and the distrust that develops again of the process  
9 than I am about the ecological impact. I think the  
10 sociological impacts are worse.

11 MR. JIM SUTPHIN: Along those lines,  
12 why not say that TVA should not unilaterally fund  
13 aquatic plant management beyond the 2002 fiscal  
14 year, or whatever date you said, so that you're  
15 still leaving open the option -- if the clock ticks  
16 out, we can still work with these other agencies,  
17 other municipalities and stakeholders to work out a  
18 sharing of that responsibility, just say that TVA --  
19 the Council doesn't feel that TVA should  
20 unilaterally fund that beyond a certain point.

21 MR. BRUCE SHUPP: I think that's  
22 good. I think that works.

23 DR. STEPHEN SMITH: But isn't it the  
24 case that TVA is not unilaterally funding it now?

25 MR. BRUCE SHUPP: No, they are

1 unilaterally.

2 DR. STEPHEN SMITH: I thought that  
3 there were some instances where they were not going  
4 and doing weed management and they were just  
5 providing technical assistance, and then there were  
6 places where in certain instances in front of  
7 private areas that there was already some activity  
8 by other stakeholders in making that happen. In  
9 other words, I thought there was already some cost  
10 sharing happening.

11 MR. BRUCE SHUPP: Is that the case in  
12 Chickamauga or Nickajack? It isn't in Guntersville,  
13 I can assure you that.

14 MS. BRIDGETTE ELLIS: Cost share in  
15 Nickajack and Chickamauga.

16 DR. STEPHEN SMITH: So I think we  
17 need to be careful that we don't, in essence, by the  
18 wording here potentially undercut programs where the  
19 cost share has already been established by saying  
20 that TVA, in essence, can unilaterally fund  
21 everything to a point and then it begins to change,  
22 because, in essence, what's going to happen is  
23 that's going to give the ability of Nickajack and  
24 Chickamauga to say, wait a second, we don't need to  
25 do anything because the Council has made this

1 statement.

2 MR. BRUCE SHUPP: Jim's  
3 recommendation covers that though. He's saying,  
4 nevertheless, the Council believes that TVA should  
5 not continue unilaterally funding aquatic plant  
6 management beyond whatever, is that what you're  
7 saying?

8 DR. STEPHEN SMITH: I guess I hear  
9 that saying, in essence, that TVA should  
10 unilaterally fund until that point is done, maybe  
11 that's not implicit in what's being said there.

12 MR. PHIL COMER: Mr. Chairman, could  
13 I respectfully request that we terminate this  
14 meeting and have some kind of a subcommittee -- you  
15 know, many of us have commitments at home. We've  
16 got three- or four-hour drives, and this kind of  
17 stuff can go on for another hour. And I, for one,  
18 cannot stay another hour. Can't we delay it? I  
19 mean, we're getting impractical here.

20 MAYOR EDDIE SMITH: Yeah. I was kind  
21 of thinking the same thing. We need to defer this  
22 back to the committee that's working on it and let  
23 them come back with the answers of some of the  
24 things that we're discussing here now and we not  
25 take final action on it today.

1           MR. JIM CREIGHTON: Can I present a  
2 counter view? I think we're about ten minutes from  
3 being there.

4           MR. PHIL COMER: I don't. I think  
5 we're about 32 and 1/2 minutes from being there, and  
6 I am going to say goodbye.

7           MR. JIM CREIGHTON: What's the  
8 committee's pleasure?

9           MS. JULIE HARDIN: Let's finish.

10          MR. JIM CREIGHTON: Others? We need  
11 to have most people being able to stay if we're  
12 going to continue it.

13          DR. STEPHEN SMITH: Why don't we set  
14 a time limit that if we can't reach a resolution  
15 within 15 minutes that we will kick it back to the  
16 subcommittee?

17          MR. JIM CREIGHTON: Others? Can I  
18 get a quick show of the hands of those who would  
19 prefer to stay for a few more minutes?

20          MR. LEE BAKER: I'm riding with him,  
21 so I have got to go also, but I am also very, very,  
22 very concerned of any language that implies or makes  
23 the ratepayer the default payer because I know --  
24 and I'm also a little bit uneasy about the -- I'm  
25 not sure you can get there in ten minutes.

1 I'm a little uneasy about a specific  
2 date, because I know what that means, that means  
3 they are not going to do anything. Just like in  
4 California, they don't do anything until it's a  
5 crisis.

6 And I don't know how to resolve those  
7 two issues because, you know, we're trying to be  
8 responsible, but the people we're trying to  
9 negotiate with have taken hard positions, well, we  
10 think it ought to be done, we want to be involved in  
11 the negotiations and all of that, but we want you to  
12 pay for it and we don't want to pay for it. So  
13 that's a pretty hard position to try to negotiate  
14 out of.

15 And I don't want the ratepayers to be  
16 the one that gets saddled with the cost if nobody  
17 else steps up to the plate because I predict -- I'm  
18 a pessimistic, I predict they won't step up to the  
19 plate unless there's no other alternative.

20 MR. JIM CREIGHTON: It was very clear  
21 from the hands that people weren't interested in  
22 staying. One of the senses of urgency that, I  
23 guess, I am responding to is the subcommittee  
24 communicated to me one of the reasons they wanted to  
25 be on first was because of the timing of the next

1 year's aquatic plant management program is -- if you  
2 miss the window, this recommendation isn't going to  
3 have any impact on the next year.

4           Is there some way that the  
5 subcommittee can circulate new language -- you know,  
6 we have got two months until the next meeting. Is  
7 there some way it can circulate language and see if  
8 we can get buyoff instead of holding off another two  
9 months or if you feel like if they haven't got it to  
10 bring it back? It's up to you.

11           MR. BRUCE SHUPP: Jim, I think we  
12 still have some of these philosophical problems to  
13 solve. We certainly can recirculate it, draft it  
14 the way we think we heard it said, but it still  
15 seems there's some fundamental problems with that --  
16 that didn't come out in the last go-around an hour  
17 ago, and I'm not so sure we can resolve that in  
18 their heads. I think we can certainly submit a  
19 draft, and I would like to do that.

20           MS. JULIE HARDIN: The problem with  
21 your second paragraph that Ann was talking about,  
22 does this help that out, the Council unanimously  
23 agrees that natural resource stakeholders in the  
24 Tennessee Valley and the TVA board aggressively seek  
25 da-da-da-da?

1           MR. JIM CREIGHTON: We're getting  
2 back into the word kind of thing. The process thing  
3 is that either we hold it over to the next meeting,  
4 at which time the subcommittee comes back and we try  
5 and talk it through, or alternatively, the  
6 subcommittee tries to produce some acceptable  
7 wording, circulates it around, and perhaps we can  
8 make some arrangement that allows it to go ahead and  
9 be submitted to the Board after it's shopped around  
10 to everybody.

11           MR. AL MANN: The latter of what you  
12 said.

13           MR. JIM CREIGHTON: Are you  
14 comfortable with that, that they shop it around by  
15 mail and e-mail, and so on, and that if we can get  
16 approval that it can then proceed and doesn't have  
17 to hold it over two months from now? Okay with you  
18 Bruce?

19           MR. BRUCE SHUPP: Yes.

20           MR. JIM CREIGHTON: Okay, sold. Next  
21 meeting is --

22           MR. AUSTIN CARROLL: One other thing.  
23 I would like to see us get something relative to a  
24 date in there where we -- you know, we get out of  
25 there TVA providing funding for it, because if we

1 don't have something definite, I mean, it can just  
2 go on forever.

3 MR. JIM CREIGHTON: Subcommittee, you  
4 have heard all of these and it's going to be your  
5 challenge to try to figure out how to come up with  
6 something you think gets closer.

7 Okay. Quick capsule summaries from  
8 each subcommittee. Austin, why don't we just go  
9 with you and we'll just go on around the room?  
10 Anything -- you kind of gave us a quick report,  
11 anything your committee -- is your committee needing  
12 to meet or where are we with you?

13 MR. AUSTIN CARROLL: We have put  
14 together most of our recommendations or we have  
15 talked about them and we have got them out on the  
16 table. We are in the process of putting that into a  
17 draft statement, and Phil is working on that draft  
18 for us.

19 MR. JIM CREIGHTON: Jimmy? Just  
20 basically your assignment between now and then is to  
21 get this moving, and also, pick up the issues that  
22 you've talked about here in the last hour.

23 Ann?

24 MS. ANN COULTER: Public lands met in  
25 a public hearing yesterday, that's been our second



1 public hearing. We had one October 27th. We will  
2 have a third public hearing on February 16th in  
3 Knoxville. And we have a mailing list of over 200  
4 folks representing various groups associated with  
5 public lands issues who have got mailings. We have  
6 had about 20 responses either in person or in  
7 writing. And we will also meet in committee at our  
8 meeting on March 9th, it'll probably be March 8th,  
9 and we will begin drafting some recommendations at  
10 that meeting.

11 MR. JIM CREIGHTON: Elaine?

12 MS. ELAINE PATTERSON: Infrastructure  
13 subcommittee -- navigation and infrastructure  
14 subcommittee met on January 9th. We had a review of  
15 the overall navigation on the Tennessee River  
16 system. We had -- Congressman Wamp came and talked  
17 to us about congressional activities related to the  
18 Chickamauga lock, and we are going to schedule our  
19 next meeting with the Corps of Engineers to get a  
20 briefing from them on their role on navigation and  
21 infrastructure. And most likely we would like to  
22 have something on the agenda for March.

23 MR. JIM CREIGHTON: Do you think you  
24 will be at the recommendation stage?

25 MS. ELAINE PATTERSON: No, just a

1 briefing.

2 MR. JIM CREIGHTON: The next meeting  
3 is March 9th at Whispering Woods Hotel and  
4 Conference Center in Olive Branch, Mississippi. I  
5 understand you fly to Memphis and drive about a half  
6 an hour to Olive Branch. We will have the  
7 continuation topic of -- if we can't get this done  
8 by circulation, we will have the continuation of the  
9 recommendation from the water quality committee. We  
10 will have Elaine's.

11 Any of you who have topics you want  
12 to get on for the next agenda, will you please  
13 communicate it to your TVA staff person, because in  
14 the next week or so I will be doing phone calls  
15 around and that's my chance to find out what needs  
16 to be on?

17 Austin?

18 MR. AUSTIN CARROLL: For the meeting  
19 after this one, could we think about meeting in  
20 Kentucky, maybe out near the dam. You know, they  
21 are working on the lock there, and I think that  
22 would be an interesting thing to see and we would  
23 like to have you folks come to Kentucky.

24 MR. JIM CREIGHTON: Any sense of  
25 whether the next meeting -- or the meeting after

1 March, whether it's an April or whether it's a May?

2 MS. JULIE HARDIN: May.

3 MR. JIM CREIGHTON: May. Did you

4 have --

5 MR. CARL DUDLEY: A point of

6 information, please. These recommendations that the

7 Council are making, will they be made separately to

8 the TVA board or collectively?

9 MR. JIM CREIGHTON: I'm not sure I

10 understand.

11 MR. CARL DUDLEY: The recommendations

12 that the Council agree on, will they be made to the

13 TVA board separately as they are agreed upon or

14 collectively at the end of the process?

15 DR. KATE JACKSON: We have wrestled

16 with that particular question. Right now I think we

17 are assuming that if that recommendation can be

18 taken in a severed form from the others, that it be

19 taken separately. If it's so clear that that

20 recommendation is to intertwined with things that

21 other subcommittees are looking at, we will try to

22 work through that on a case-by-case basis.

23 MR. JIM CREIGHTON: I'm assuming the

24 aquatic plant management is one that could proceed

25 forward on its own?

1 DR. KATE JACKSON: Yes.

2 MR. JIM CREIGHTON: Anything else?

3 MAYOR EDDIE SMITH: Yes, a couple of  
4 things. At the last meeting you indicated concern  
5 about Herman Morris who was in Memphis, and I met  
6 with Herman and he indicated that his problem, why  
7 he wasn't able to meet with us, is because his  
8 board, Memphis Light, Gas & Water, meets on the  
9 first Thursday of each month and the third Thursday  
10 of each month, and these have been days we have been  
11 meeting on and he had had problems getting away. Of  
12 course, at this time they have some real hot issues  
13 on the gas rates in Memphis, so I wouldn't have  
14 wanted to be away if I had been him.

15 So he did indicate that he would try  
16 to adjust his schedule to accommodate us and  
17 hopefully that we would try to accommodate him in  
18 the next scheduling, and I believe the March meeting  
19 is on Friday, so that may not be a problem for him.

20 He did indicate that if he was not  
21 able to work out his schedule to coincide with ours,  
22 that he would make contact with the Governor himself  
23 and let him know that he couldn't serve. That's the  
24 latest information on that.

25 The other thing is that a question

1 came up about who would preside in case I was not  
2 able to be here. I have consulted with the various  
3 chair persons of the subcommittees, and they all  
4 agree that I could designate either one of them to  
5 do that but not the one -- the subcommittee that's  
6 presenting at the particular meeting. So that's the  
7 procedure we will follow if there are no objections  
8 to that.

9           Okay. With that, I think we're  
10 finished. Hope you have a good trip back and we  
11 thank you for the hard work you have done today.

12           END OF PROCEEDINGS

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